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NEWS SUMMARY

GENERAL

Arabs summon talks on Beirut

With sporadic shooting continuing in Beirut, States backing the Arab peacekeeping force in Lebanon have called an emergency meeting to discuss the crisis.

Lebanon's President Sarkis announced the weekend meeting after holding talks in Saudi Arabia and before leaving for further talks in the United Arab Emirates.

Military officials in Israel claimed that Soviet citizens and diplomats had been pulled out of Beirut and that this could herald a new Syrian attack on Christian forces. But Associated Press said this report appeared inaccurate as the Soviet Embassy continued to function.

Egypt's delegation to the Washington peace talks with Israel left Cairo yesterday, and later stopped over in Paris to brief French leaders on the projected peace treaty. Israeli security forces have arrested more than 1,000 Palestinians on the occupied West Bank and Gaza Strip in the past six months as guerrilla activities against Israeli targets escalated this year. Page 4.

Schmidt in Tokyo

West German Chancellor Helmut Schmidt arrived in Tokyo on a four-day official visit to Japan. He is expected to discuss world economic problems, preparations for next summer's Tokyo summit meeting, and relations with the Russians and Chinese. Page 4

Warnke to quit

President Carter has accepted the resignation of his controversial arms control negotiator, Mr. Paul Warnke, who was criticised by some Congressmen for being "too soft" with the Soviet Union. Mr. Warnke, director of the U.S. arms control and disarmament agency, has been negotiating with Moscow in the strategic arms limitation talks. Page 4

Magistrate shot

Gunman shot dead a Rome magistrate, 65-year-old Girolamo Tartaglione, at his apartment block and escaped in a car driven by an accomplice. The Red Brigades urban guerrilla group claimed responsibility for the killing, the 17th attributed to them this year. Page 2

Heathrow robbery

Stephen Raymond, aged 33, was jailed for ten years at the Old Bailey after being found guilty of stealing £2m from Heathrow Airport two years ago. The prosecution alleged that Raymond, who obtained a job with a security company, drove to Heathrow with an accomplice and drew money in various currencies, pretending the packets were wrongly labelled.

Telegraph dispute

Fresh moves were made last night to settle the Daily Telegraph printers' dispute as the newspaper cancelled production of its London editions for the seventh night running. The management said agreement had been reached on a further meeting with union officials. Earlier story, Page 11

Briefly . . .

International Confederation of Free Trade Unions has condemned jail sentences imposed in Tunisia. Two union leaders were jailed for ten years and 14 others for lesser periods.

Ethiopia denied that Eritrean rebels had shot down an aircraft carrying troops and military supplies.

George Best, accused of breaking a contract with English club Fulham, has been banned by the International Football Federation from playing football virtually anywhere in the world.

Britain has a baby boom. Birth registrations in England and Wales last month were 4,500 up on the same period last year.

Anatoly Karpov refused to accept an offer of a draw from Viktor Korchnoi in the 30th game in their chess championship and the game was later adjourned.

BUSINESS

Equities dip; Gold at new high

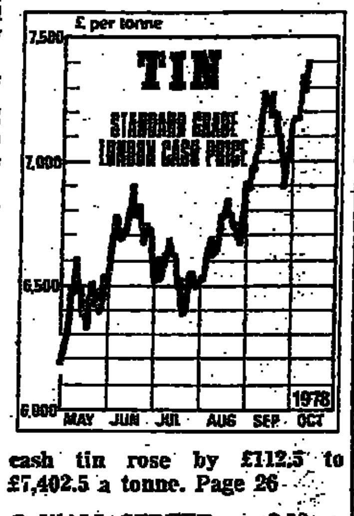
● EQUITIES faltered around mid-day after an encouraging start, and the FT ordinary index closed 0.9 down at 509.3.

● GILTS were mixed and the Government Securities index closed unchanged at 69.87.

● STERLING rose 30 points to $1.9835 and its index fell to 62.6 (62.7). The dollar's depreciation was unchanged at 9.6 per cent.

● GOLD reached a new peak of $225⅝ for a rise of $3⅞ in London.

● TIN and PLATINUM prices rose to new peaks as standard cash tin rose by £112.5 to £7,402.5 a tonne. Page 26



● WALL STREET was 2.08 up at 895.27 just before the close.

● MONEY SUPPLY resumed its upward trend last month after the sharp decline in August, according to latest banking figures. Back Page; Editorial comment, Page 18

● CENTRAL GOVERNMENT borrowing rose sharply in September, and over the first half of the 1978-79 financial year has been more than double the level of the same period last year. Back Page

● INDUSTRY'S financial position sank to its worst level for four years as a result of a squeeze on profits and higher capital spending, company accounts statistics show. Back Page

● LLOYDS BANK is to set up a wholly-owned management company to control its clearing bank operations in the UK. Back and Page 7.

● FIREMEN have been told to expect a 20 per cent pay rise this year as a result of the settlement reached at the end of their strike last winter. Page 11.

● ALGERIA and Sweden have signed a provisional agreement for Algeria to supply 1.7bn cubic metres of liquid natural gas a year for 20 years at a cost of $2.25bn. Page 6

● EEC INDUSTRY Commissioner has made a strong plea that the Commission should play a greater role in formulating the Community's industrial policies. Page 3

COMPANIES

● AMEY ROADSTONE reports a 75 per cent rise in pretax profits from £18.13m to £31.67m on turnover, up from £159.7m to £277.4m, helped by an increase in profitability of UK operations. Page 21

● OCCIDENTAL PETROLEUM's proposed $1bn takeover of Mead Corporation has been sharply criticised by the Ohio State securities official following last month's hearings. Page 22.

● NEWS LTD., the international newspaper, publishing and media group owned by Mr. Rupert Murdoch, suffered a downturn in group profit for the year to June 30 from A$13.99m to A$13.4m. The result was mainly affected by the purchase of the New York Post. Page 24

● ASSOCIATED BISCUIT Manufacturers pretax profit for the 36 weeks to September 10 was little changed at £4m (£4.02m) on sales ahead from £116.54m to £129.18m. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
...R	351	+ 9	Ricardo	335	+ 7
...r & WAT A	175	+ 18	Second City Props.	45½	+ 3½
...nks Gowerton	116	+ 4	Sotheby P.B.	323	+ 8
...wning (G. H.)	145	+ 8	Trafford Park Ests.	134	+ 5
... Midland Allied A	70	+ 6	Wolstenholme Bronze	280	+ 10
...rrison (T. C.)	118	+ 6	Anglo American Crp.	371	+ 15
...wden-Stuart	72	+ 4	Cons. Gold Fields	192	+ 4
...	487	+ 17	De Beers Defd.	419	+ 16
...yds Bank	258	+ 6	Minorco	155	+ 5
...ndon & Northern	38½	+ 4½	President Brand	995	+ 43
... Hldgs.	220	+ 10	St. Helena	785	+ 23
...lland Educational	225	+ 45	FALLS		
...dern Engineers	46	+ 5	Amal. Power	149	− 7
...rgan Edwards	72	+ 6	Empire Stores	172	− 5
...d Intl.	172	+ 5	Freemans	395	− 10
			Glaxo	588	− 17
			Grattan Warehouses	111	− 20
			Lonsdale Universal	87	− 4
			Marchwiel	126	− 8

Tough line on wage bargaining by Mrs. Thatcher

BY RICHARD EVANS, LOBBY EDITOR

Mrs. Margaret Thatcher, the Conservative Leader, spelled out last night the economic realities that would face the trade unions when an incoming Tory administration lifted Government restraints on wage bargaining in the private sector.

In a series of television interviews on the opening day of the Conservative Party conference at Brighton, Mrs. Thatcher adopted a much tougher and explicit line than Mr. James Prior, the party's employment spokesman, when he wound up the conference debate on industrial relations.

Her comments on operation of a market economy and use of incentives will go some way to clear the appearance of muddle that has recently characterised party attitudes to incomes policy and the prospect of a return to responsible collective bargaining. Her views appeared much more akin to those of Sir Keith Joseph, her policy adviser, than to Mr. Prior's.

Mrs. Thatcher stressed that the country could not afford pay increases not matched by higher productivity, and that union negotiators would have to come to terms with this.

Her proposal would be to lift all Government restraint on pay negotiations, and leave it to employees to reach a responsible bargain with their employers.

If they setled for too much they would price their company out of the market.

And she stressed that companies that allowed settlements beyond their means could not expect to be rescued.

"Firms must not think that if they bargain themselves out of the market, we will then come with someone else's money to rescue them . . . you cannot protect people from the consequences of their own actions," she declared.

Mrs. Thatcher came down strongly against any norm, though she accepted that there could be a target figure that would allow a wide range of settlements based on a company's profitability.

But a policy based on a strict percentage figure for everyone, regardless of output, was in her view, a recipe for permanent inflation.

Asked on BBC television if there could ever be a statutory incomes policy under the Tories — which Mr. Prior appears not to have ruled out entirely — Mrs. Thatcher said she believed not, in practical terms.

The only circumstance in which it might be conceivable would be in very serious economic conditions when interest rates were high, and there would have to be a freeze on wages.

But as this situation would be so drastic, she believed a Government would get voluntary co-operation.

On the public sector, Mrs. Thatcher re-emphasised her party's determination to impose strict cash limits to ensure that wages did not rise beyond the limit individual industries could afford. She believed this policy had every chance of success.

Her overall view was that the time had come to abandon a rigid pay policy and to persuade the trade unions to return to their traditional role of collective bargaining on behalf of their members.

The tone of her comments will sharply increase interest in a speech Mr. Edward Heath, former party leader, intends to make at the conference today in the debate on the economy. Sir Geoffrey Howe, Shadow Chancellor, will be the Front Bench speaker.

Mr. Prior adopted a more cautionary line than Mrs. Thatcher in the opening debate, but he accepted that "a rigid pay policy, statutory or imposed, is not the answer."

He agreed that after three years the time had come for

Continued on Back Page

Conference report, Page 10 ● Men and Matters, Page 18

Rolls-Royce set to win Italian jet engine order

BY RUPERT CORNWELL ROME, Oct. 11.

ROLLS-ROYCE expects to win an important order, possibly worth up to £150m, to supply Spey jet engines for a new short- and medium-range fighter scheduled to go into service with the Italian air force in the mid-1980s.

The aircraft, known as the AM-X, is a joint venture between Aeritalia and the privately owned Aerimacchi. Political authorisation is still required, but technical problems hindering the deal have now been ironed out, and it is virtually certain that the Spey 807 engine will be chosen to power the AM-X in preference to French, U.S. and Anglo-German rivals.

The AM-X will replace the Fiat G-91 which has been in operation for ore than 20 years. As an aircraft intended for mainly short range battle field operations, with perhaps an anti-shipping variant, it is seen as complementary to the Tornado—the multi-role combat aircraft under joint development by the UK, Italy and West Germany.

It is estimated in Rome that the Italians may need between 150 and 200 of the new single-engined aircraft. The most recent costing suggests the AM-X will have a price tag of lire 3.5bn (£2.2m), but this could prove optimistic.

The greatest advantage for Rolls in the negotiations has been the proven reliability of the Spey. This is important now that development of the AM-X must be pushed ahead fairly rapidly if the target date of 1982 for the first test flight is to be met.

It was this consideration, it is understood, which weighed against the choice of a French engine or of General Electric's highly sophisticated but relatively untested GE-404. Another engine in the running was a variant of the Anglo-German RB-199, which powers the Tornado.

Although nothing has yet been against the choice of a French believe that, after an initial period, the Spey 807 will be built under licence in Italy—probably with Alfa Romeo as the prime contractor.

This would also give Italian authorities the political advantage of permitting a gesture towards the under-developed south of Italy, where the State-owned car engineering company has made substantial investments.

Lynton McLain writes: The formal contract between Rolls-Royce and Aeritalia and Aerimacchi for the Spey 807 engines was expected to be signed last week, but points of detail still had to be clarified with an Italian Government committee overseeing the AM-X project.

Rolls-Royce would not confirm that it had won the order, but an announcement is understood to be imminent.

Dividend curb loophole closed

BY ADRIENNE GLEESON

THE TREASURY has made an order limiting dividend payments when a company has issued capital for less than the full financial consideration. The move, designed to close a loophole in the dividend control regulations, has been made with obvious reluctance.

It will cut off the recent stream of preference issues which have been given as a bonus.

The Treasury said yesterday: "This is not a swipe at the City. This sort of thing lands us with tiresome administration, and we wouldn't have bothered if there hadn't been a steady stream of such issues. It was becoming an obvious source of abuse."

The new order—the Counter-Inflation (Dividends) Amendment Order, 1978—obliges companies which make such issues to deduct the interest or dividends payable on them from the sum available for distribution as ordinary dividend.

The new controls will permit distribution to shareholders of an amount not less than that which would have been available had the issue not been made.

It is still open to companies to approach the Treasury for permission to increase their payout by more then the current 10 per cent limit on dividend increases. The Treasury emphasized yesterday that the new control would be administered "sensibly."

Since an end was put to the issue of ordinary shares at a deep discount as a means of getting round dividend control, some three years ago, an increasing number of companies have resorted to the issue of other forms of capital at a similar discount, or as a bonus, to boost the payout to shareholders. In the past year about 50 companies have made such preference shares issues, among them publicly-quoted companies like Greenall Whitley and Automotive Products.

Payment of interest or dividends on stock or shares other than ordinary shares, when issued for full consideration—as part of a genuine capital-raising operation—will not be affected. All other aspects of dividend controls are unaffected.

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FEATURES

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Ford fails to make new pay offer

By Alan Pike and Philip Rawstorne

FORD MANAGEMENT failed to make a new pay offer to its 57,000 manual workers when it met union negotiators under conditions of free collective bargaining yesterday.

The company instead devoted most of the 2½-hour meeting — which took place only hours before senior TUC leaders met the Prime Minister at Downing Street — to an unsuccessful attempt to end the strike at the company's plants which is now in its third week.

Ford had hoped that its undertaking to negotiate responsibly under free collective bargaining might be enough to persuade union leaders to attempt to call off the official strike.

The company asked for an adjournment until Friday after union leaders demanded details of the company's offer before deciding on the future of the strike.

A firm offer to the Ford workers is expected at Friday's meeting. The company will now be able to watch any further developments on the pay front, including today's meeting of the TUC economic committee, before unveiling its plans. It also demonstrates one final attempt by Ford to get its employees back to work before straying outside the Government guidelines.

Mr. James Callaghan made it clear when he met union leaders last night that the Government intends to stick to its 5 per cent pay guidelines until the TUC produces an alternative policy which would ensure a continued curb on inflation.

Despite the early blows to the Government's policy, Mr. Callaghan was said to have shown no sign of accepting a higher pay norm for the coming year.

The Prime Minister, stressing that the control of inflation remained the Government's first priority, put the onus firmly on the unions to suggest a better alternative to the 5 per cent limit. In what amounted to a re-run of his speech to the Labour conference, Mr. Callaghan asked the union leaders how they would introduce greater flexibility, help the lower paid and keep wage costs at a competitive level.

Mr. Callaghan, accompanied at last night's informal dinner by Mr. Denis Healey, Chancellor, and Mr. Michael Foot, Lord President, also made it clear that he expects the more detailed discussions which will follow to cover longer term questions

CBI to reassess backing for pay limit Back Page

Rhodesia will end racial discrimination

BY TONY HAWKINS SALISBURY, Oct. 10.

RHODESIA'S transitional Government announced today abolition of all racial discrimination, with all schools, hospitals and residential areas prevously catering for whites only thrown open to all races.

Racial segregation has been replaced by the "ability to pay" criterion.

Making the announcement today, Bishop Abel Muzorewa, one of the three black members of Rhodesia's executive council, said: "It is finished. All racial discrimination is scrapped. I am so happy I could jump on the top of the roof."

His announcement paves the way for an end to nine decades of legalised race discrimination in Rhodesia.

The moves will, however, be implemented only after they have been approved by Parliament, which is due to sit again late next month. This means that race barriers will probably come down in December or January.

Critics of the transitional Government are already saying that the ability-to-pay criterion will ensure that *de facto* discrimination is retained, citing the 11-to-one gap between the average white and the average African wage.

Despite this wage gap, in some private schools in Rhodesia, where fees are very high and there is no racial discrimination, blacks already constitute more than one-third of total pupils.

The timing of the announcement is important. It comes during the visit to the U.S. by Mr. Ian Smith, the Prime Minister, and the Rev. Ndabaningi Sithole, another black member of the executive council. The aim of this visit is to win support for the internal settlement agreement of last March. The two other signatories of the agreement, Bishop Muzurewa and Chief Chirau, leave for the U.S. on Thursday.

The transitional Government has agreed that European residential areas will be open to people of all races, thereby abolishing and the Land Tenure Act.

Two amending pieces of legislation will be linked with land tenure abolition aimed at ensuring that "the present level of standards" is maintained in existing white areas, and that only one family is allowed to occupy a property, with family defined as parents and their children only.

Communal tenure will be retained in the African tribal trust lands, but established business and industrial areas in tribal lands will be thrown open to all races and not restricted to blacks.

State-owned schools will be classified as high fee-paying low fee-paying and non fee-paying.

Admisison to the high-fee schools, which will be the existing white schools, will be on a zoning basis (there will be be no "busing") so that children will have to live in the zone before they can attend a given school.

The non-fee schools will be those in the tribal trust lands accommodating the children of African peasant farmers, while the low-fee schools will be existing black schools in urban areas.

Academic, age and language qualifications will also supply, with children having to be proficient in the laneuage used in the different schools.

In addition to the State-run schools, private schools will continue to operate as at present, and provision is made for community schools which will have the right to maintain cultural or religious identities.

No person will be barred from these community schools on grounds of race or colour.

The provisions for education and health are to be entrenched in the new constitution, due to come into effect on December 31.

Entrenchment implies that the provisions cannot be amended without at least 78 members of the 100-seat Assembly voting in favour. This means that at least six of the 28 white MPs would have to support any changes, as well as all 72 black MPs.

The present structure of health services is to be retained, but hitherto whites-only hospitals will be open to all races

● Rhodesian Combined Operations Headquarters announced that 30 guerrillas, 24 guerrilla recruits and eight collaborators had been killed by security forces in the past 24 hours.

Ten black civilians, including an acting chief, had been murdered by the guerrillas.

In the first nine days of this month 234 people have died in the war, including 111 guerrillas and 65 recruits and collaborators. Four whites and 54 black civilians have been killed by guerrillas.

A resolution mildly censuring the U.S. for the decision to allow Mr. Ian Smith and the Rev. Ndabaningi Sithole to visit the country, in contravention of a 10-year mandatory UN resolution, was submitted to the Security Council. It expressed "regret and concern" that the two Rhodesian leaders were given visas, and calls on the Americans to observe scrupulously Security Council resolutions about sanctions.

Zambia rail link Page 4

EUROPEAN NEWS

Judge shot dead by Red Brigades

ROME, Oct. 10.

A SENIOR official of the Italian *Justice Ministry*, Sig. *Girolamo* Tartaglione, aged 65, was shot dead at his home in Rome today, and the Red Brigades urban guerrillas claimed responsibility. Sig. Tartaglione, a Rome magistrate who also served as the Justice Ministry's Director-General for Penal Affairs, was shot by a young man as he came down the *stairs* of his suburban block of flats. The gunman escaped in a black car driven by an accomplice.

Later, a woman telephoned a newspaper, saying: "This is the Red Brigades. At 14.15 we *executed Girolamo* Tartaglione, of the General Directorate of the Justice Ministry." Sig. Tartaglione was the 17th Italian killed by the Red Brigades this year.

Italian magistrates have been the target of the Red Brigades and other urban guerrilla gangs. Sig. Ricardo Palma, another Roman judge, was the last victim of terrorists. His murder on February 14 was claimed by the Red Brigades, which kidnapped and murdered former Sig. Aldo Moro, the former Prime Minister.

● Sig. Moro condemned his *Christian* Democratic Party colleagues as idiots, opportunists or power-seekers during his 55-day imprisonment, according to two Italian news magazines. The weeklies L'Espresso and Panorama are publishing what they claim is a Red *Brigades report* on interrogations of Sig. Moro made in captivity before he was *murdered* in May.

The report was among a large haul of documents taken by police from four Milan flats which they raided last week. The raids led to the arrest of nine alleged Brigades members, in*cluding three men wanted for* the Moro kidnapping. The two magazines released excerpts *from the report today* in advance of fuller versions to be published in Panorama and L'Espresso later this week.

Rumours about the report, whose existence investigators *have confirmed while maintaining silence on its contents, have* led to politicians from all parties calling for its publica*tion in full.*

They maintain that whatever Sig. Moro said during almost two months of imprisonment could not be taken as his true feelings, and they want the report to be published to counterbalance partial leaks and rumours.

Reuter and AP

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Calls for control of Spanish arms trade

BY ROBERT GRAHAM

MADRID, Oct. 10.

SPAIN'S discreet but significant place in the international arms trade has begun to come under *scrutiny here, with calls from* politicians for Parliamentary control.

Information on defence sales and arms dealing has traditionally been kept from the public and covered by rules of military secrecy. However, opponents of this secrecy and those concerned at the final destination of *some of the arms — especially* Latin American dictatorships— have recently been given encouragement.

On September 24, British police boarded a Spanish vessel off Rochester and uncovered *three cases containing 2,830* Armalite rifles. The cases were billed as general cargo bound for Bilbao.

After questioning the ship's captain and the full cargo were *allowed to* proceed to Bilbao. Last week the vessel was impounded there, albeit temporarily, by the military in view of the outcry here over the arms discovery.

The rifles had been bought in Belgium by Barreiros Hermanos Internacional, a subsidiary of the well-known, family controlled *industrial group,* Barreiros. Their final destination has not been publicly admitted but leaks suggest it was Southern Africa, perhaps the Angolan rebel group UNITA. The company has persistently declined to comment *on the destination only* to confirm that its subsidiary did order them.

The affair has provoked a controversy partly because of the involvement of Barreiros, a family linked to the former Franco regime and alleged to be in the arms trade. More importantly there is a concern about the *freedom* of such *companies* to buy and sell arms.

Further fuel was added to the issue when over the weekend it was discovered that 88,100 kilos of arms, grenades and rocket *launchers, were being despatched* from Valencia to Chile—arms which had apparently been ordered in 1976.

International arms deals by Spanish companies, private and State-controlled, have to obtain the approval of the Armaments Export Board.

This is composed of representatives of the Defence, Foreign, Commerce and Industry Ministries plus the armed forces. Nothing is publicly known of how the Board operates. But one newspaper editorial today *attacked this body for having* failed to revise its criteria for approving arms sales in the past 18 months since the general elections.

Within Parliament there are demands for some form of Parliamentry control. The Left in particular has pointed out that the recent speech at the UN by *Marcelino Oreja, the Foreign* Minister, emphasising human rights, did not square with selling arms to the dictatorships in Argentina, Chile, Uruguay and Nicaragua.

Officially Spain observes an arms embargo towards South Africa and Rhodesia. Also since last summer there has been a freeze on new arms contracts with the Maghreb states of Algeria, Morocco and Mauritania *in order to prevent Spain being* accused of bias in the Saharan conflict.

In this respect the politicians would like to know whether this official policy is in fact being respected.

All arms purchases abroad and foreign sales are excluded from official trade statistics so there *is general ignorance of the* extent of the trade. It is this ignorance which leads to suspicions, well-founded or not, that existing controls are inadequate.

Widening gulf between workers and management in Portugal

BY JIMMY BURNS IN LISBON

CONSENSUS POLITICS has been absent from Portuguese life for several weeks. Divisions have arisen between the President and the political parties, and between the political parties themselves. In one of the understatements of the year, the Socialist leader, Sr. Mario Soares, said recently that politicians had been reduced to "issuing banalities . . . giving people the impression that they did not understand themselves."

Nowhere has this lack of consensus been more apparent lately than in the relations between employers and unions who, in the absence of stable government, are being forced into an increasingly ugly face-to-face.

Although Portugal has not yet experienced an all-out union offensive against the Government this year, sporadic stoppages and strikes have been on the increase, with *industrial* action, as in the case of the hotel employees strike in August, *often affecting key sectors.* At the moment, parts of the following sectors are suffering from unresolved labour disputes: chemicals, construction, agriculture, and airlines.

Of the latest batch of strikes the most serious, both in terms of length and cost, has been that of the merchant seamen. At its outset in June, the strike affected only overtime, but grew to such an extent as to cost the largely nationalised fleet an estimated Es 2bn (£22m). At its height, the strike seriously affected the transport of supplies to various parts of the country, in particular the mid-Atlantic tourist *resorts of Madeira and the* Azores.

Oil and other supplies to the southern Algarve region were also badly disrupted, and at one time there was a severe shortage *of aviation fuel* for the heavy charter *traffic* into Faro airport, the centre of tourist movements in southern Portugal.

Last April, the Socialist/Conservative Government and the Communist-dominated General Workers Confederation (Intersindical—the Portuguese union grouping which claims to speak for over 80 per cent of labour), reached agreement on a 20 per cent ceiling on any further pay increases. Yet the latest wave *of strikes suggests that* important issues on the industrial front were left unresolved.

A *number of sectors,* for example, have collective wage contracts dating back more than a year. *Many were due for* renewal in the weeks following the agreement on the wage ceiling. The *shaky course of* the Portuguese economy in the past 18 months, however, has meant that both employers and employees have reached the negotiating table with hardened views as to how far they were prepared *to compromise.*

For the worker, last year's spiralling inflation rate has *meant a sharp drop in* real wages. It has been estimated that real wages are now lower than in 1973. Between the first quarter of 1977 and the first quarter of 1978, real salaries of indus*trial workers in the Lisbon area* fell by an estimated 5 per cent. For the employer, the looming prospect of recession in the wave of a stiffly-imposed International Monetary Fund stabilisation policy has meant that there is now less money available for the wage packet.

As a result, in recent meetings *between employers and workers,* both sides have differed widely over what is an acceptable pay increase within the agreed 20 per cent ceiling. In the seamen's strike, for example, workers demanded a 20 per cent overall wage rise and better conditions. Employers, however, would not budge beyond 11 per cent.

Present difficulties facing employers and unions are compounded by politics. The illegal takeovers and expropriations in the wake of the revolution of April, 1974, still rest heavily on the memory of many employers. The very fact that the country's main trade union is still dominated by the Communist Party (PCP) *fuels* a *suspicion* that behind any new wage demand is an overriding political motive.

"We find it almost impossible to sit at the same table as Intersindical because what we are talking to is not the unions but the Communist Party," a member of the conservative Confederation *of Portuguese* Industry (CIP) frankly admitted to me recently.

CIP has also accused the *Government of playing soft* with the unions on issues such as social benefits and pensions, raised last April by 25 and 22 per cent respectively for workers with families.

In recent months representatives of the two major Parliamentary parties, the Socialist Party and the Social Democrat Party (PSD), have been holding bilateral talks with an eye to forming a new trade union group capable of challenging the hegemony of the Communists in the Portuguese labour move*ment. In the first nine months* of this year, Intersindical, the Communist union, has won 76 out of 99 factory elections.

The PSD has already gained considerable strength in a number of sectors, namely among bankers, doctors, teachers, and office workers unions in the north.

Ironically, the Socialist Party, despite sharing a number of revolutionary slogans and symbols with the Communist Party, has failed to exert a similar influence on the labour movement. Socialist and Social Democrats, however, share a firm commitment to industrial rather *than political unions which, they* feel, would be altogether more workable once Portugal has joined the EEC.

Parity strike may close Azores airline

BY OUR OWN CORRESPONDENT

LISBON, Oct. 10.

SATA, Portugal's nationalised Azorian airline, may soon be forced to close unless its air staff agree to end a three-week strike for substantial pay increases and better working conditions. According to a company spokesman, SATA suffered an accumulated deficit of Es 98bn last year, and has a projected deficit of Es 140bn this year.

Strikers are demanding that wages and working conditions be brought to the same levels as those enjoyed by pilots and crews *of TAP, the Portuguese* national airline. Last December TAP's 340 pilots struck for a 100 per cent wage increase, and seriously disrupted Portugal's Christmas traffic.

TAP pilots have refused to fly any aircraft to and from the Azores in solidarity with the SATA strikers.

SATA's management is refusing to initiate negotiations on any further wage increases for their staff until after December.

This is the second time in less than two months that *communications with the* important Portuguese tourist resort of the Azores have been disrupted by industrial action. Civil aviation authorities have declared an "open sky" policy, allowing international airline such as TWA to lay on extra flights. The Portuguese air force has also been called on to help out.

Meanwhile, Portuguese harbour pilots serving the main ports on the mainland today threatened to go on strike from midnight *tomorrow* unless the Government agreed to publish new labour regulations. Although the regulations were approved over three months ago, publication *has been delayed because of* the political crisis. The 112 pilots could stop all traffic in and *out of ports.*

Faelldin moves to end the political stalemate in Sweden

BY WILLIAM DULLFORCE

STOCKHOLM, Oct. 10.

BY ANNOUNCING that his Centre Party would not oppose the formation of a minority Liberal-Moderate (Conservative) Cabinet, Mr. Thorbjoern Faelldin, the outgoing Prime Minister, today pointed the way to a solution of Sweden's Government crisis. He also nudged Mr. Ola Ullsten, the Liberal leader, towards the arms of the Moderates.

It is still not certain that Mr. Ullsten will take the *hint.* Strongly urged by the Liberal youth wing, its women's organisation and *party* newspapers not to join forces with the Moderates, he has been trying to form an all-Liberal government. But last night the Moderates warned that they would vote against him and opinion among Centre Party *MPs was also* clearly opposed to a single-party Cabinet.

However, this afternoon Mr. Olof Palme, the Social Democrat leader, told a hastily summoned news conference that his party might have to "take a more active part" in the government negotiations. He would not elaborate but *his remark has* been interpreted as a hint to Mr. Ullsten to seek Parliamentary support from the Social Democrats for his Liberal *Cabinet.* The Liberals hold only 39 of the 349 Riksdag seats but the Social Democrats command 152.

Comments from Liberal MPs this afternoon suggested that they were angry at Mr. Faelldin's attempt to force them into a coalition with the Moderates. On the other hand, Mr. Ullsten *could lose a substantial* number of anti-Socialist votes at the next election in September should he rely on Social-Democrat support to form a govnrement.

Mr. Goesta Bohman, the Moderate leader, stated that his party advocated a continuation of the non-Socialist Parliamentary co-operation embodied in *the Cabinet which collapsed* with Mr. Faelldin's resignation last week because of differences with his Moderate and Liberal partners over nuclear policy. But Mr. Bohman said such co-operation should be based on as broad a government coalition as possible, not on a single party.

Mr. Ullsten is expected to solve *his dilemma by tomorrow* at the latest.

Yugoslav economy fears

BY ANTHONY ROBINSON

A SHARP rise in the Yugoslav money supply is reinforcing concern that the economy is becoming severely overheated and that measures are now overdue to cut back the level of domestic demand and investment.

The latest official figures show a 28 per cent rise in the money supply in July against the background of an 8.2 per cent rise in industrial production over the first eight months of the year and inflation running at 14 per cent on an annual basis.

The trade deficit over the first eight months was marginally lower at $2,886m but this reflects a drop in export volume. Imports, although slightly lower, are still on the high plateau reached after two years of rapid import growth.

The overall balance of payments has however been improved by record tourist receipts expected to net over $1bn this year. Emigrant remittances and transit fees, the other main items on the *invisibles* balance, are also reported to be running at a satisfactory level.

French steel strike plan

PARIS, Oct. 10

FRENCH STEEL workers have called for a series of one-day strikes to protest the loss of 15,000 jobs under a Government plan to restructure the industry, union officials said today.

The Communist-led Confederation Generale du Travail (CGT) said it would hold one-day strikes in eastern France on October 18, in central France on October 25 and nationwide on November 6. *All the major steel unions are* likely to join the action.

Parliament yesterday began debating the new steel plan which would bring the industry under tighter state control. The joint Government-management plan would cut about 15,000 jobs. This would add to the people laid off since last year and would reduce the workforce to between 110,000 and 120,000 in the next two to three years.

Reuter

Hearing of Aegean dispute begins

The International Court of Justice at The Hague opened hearings yesterday to determine whether it has jurisdiction in the Aegean Sea oil rights dispute between Greece and Turkey, AP-DJ reports. Turkey, which says the court is unqualified to rule, did not send a representative. Negotiations between Greece and Turkey are continuing, the Greek Ambassador at the hearing said, but the dispute still represented Ambassador at the hearing said, "a threat to peace."

For Greece, Prof. D. P. O'Connell, of Britain, deplored Turkey's boycott. It was "making assertions from the wings," instead of sending a representative.

Warship visits

Turkey and the Soviet Union will exchange courtesy visits of their warships this month and in December, AP reports from Ankara. Two Soviet destroyers will call at Istanbul and two Turkish destroyers at Odessa. Greek warships visited Odessa last month. A 13-man delegation from the Chinese War Academy was yesterday received by the Turkish Defence Minister and the Deputy Chief of Staff.

Oil predominant

Crude oil and natural gas will remain dominant throughout the 1980s as the main energy sources in Europe and North America, despite efforts to replace oil by coal, the Economic Commission for Europe said in a study published yesterday, AP reports. Coal might strengthen its position as an energy source for electric power generation, but not as a raw material or source of heat. The industry would enter a new period of conservation within the next five to 10 years, with increased recycling of waste heat in the chemical industry, increased use of low-grade energy sources such as peat and shale, and the use of alternative energy sources such as hydrogen, methanol and possibly ammonia.

Reactor starts

East Germany has started up its sixth atomic reactor, a small research and training unit at the University of Dresden. Neues Deutschland reported yesterday, according to Reuter.

Shipbuilding cuts

The 45 West German shipbuilders plan to reduce by 1980 the number of hours worked in the industry to 23.4m a year, compared with 34.7m in 1975, the Shipbuilding Association announced in Bremen, Reuter reports. The workforce will be cut from 55,000 to 50,000.

Antarctic base

West Germany plans to join the 12 nations conducting year-round scientific research in Antarctica by establishing a national polar research institute and building a permanent South Pole base, Herr Hauff, Research Minister, said in Bonn, according to AP. Construction of the base will start late next year on the Filchner Ice Shelf in the Atlantic Ocean sector, an area claimed by Argentina, Britain and Chile.

Davignon urges greater role for Commission

BY GILES MERRITT

ROME, Oct. 10.

A STRONG plea that the Brussels Commission should in future play a more central role in formulating European industrial policy was made here today by Viscount Etienne Davignon, the EEC Industry Commissioner.

Viscount Davignon said that the Commission is now seeking additional responsibilities that would establish its role as the central co-ordinator of EEC industrial policies aimed at tackling the problems of major over-capacity industries.

Speaking at a one-day conference, organised by Italy's IRI state industrial holdings group to discuss the difficulties facing Europe's manufacturing industries, Commissioner Davignon emphasised that the defensive measures so far devised by member states would inevitably lead to a wave of protectionism inside the EEC.

"The choice," he said, "is not between a free market economy or a Community industrial policy, but between differing and contradictory national measures and the co-ordination of these measures in an EEC context."

The Industry Commissioner's call for the EEC Commission to take the lead in co-ordinating industrial restructuring programmes was echoed at today's conference by Sig. Guido Carli, president of Confindustria, the Italian Employers' Federation.

Sig. Carli stated that it was inconceivable that the European Commission's importance in deciding industrial policy should be reduced, and that on the contrary it should now take the initiative. Sig. Carli later told the Financial Times that a growing groundswell of public opinion in Italy supported the establishment of the European Commission as a supra-national authoriy for helping tackle the problems of industrial over-capacity.

Viscount Davignon's view that the European ommission should be given greater power over industrial policies has been made public in the past, but it is expected that the proposals he put forward in Rome today will mark a determined drive on his part to establish the Commission as a new central authority.

While making it clear that the Commission is generally in favour of measures that help improve the overall economic climate rather than specific sectoral aid, M. Davignon went on to suggest a scheme under which

Viscount Davignon

Commission study teams could investigate investment projects in less developed areas of the EEC, backed up by financing methods that would be additional to those the Brussels Commission already possesses.

Viscount Davignon also enlarged on the three main advantages that increased Commission responsibilities could offer in terms of industrial policy making. First, he said, the Brussels Commission had the advantage of providing an objective analysis of industrial problems. Second, in co-operation with national governments and their social partners, it would be able to identify real needs and priorities inside the Community. Finally, he said, the European Commission would be able to determine solutions that might not be available on a national level.

EEC move on terrorism

BY MARGARET VAN HATTEM

LUXEMBOURG, Oct. 10.

THE NINE EEC Justice Ministers today agreed to observe an anti-terrorism convention which requires them to extradite or prosecute "without undue delay" EEC nationals accused of terrorist acts.

The convention was drawn up in Strasbourg last year by the 21-member Council of Europe but so far only three EEC members have agreed to implement it.

The so-called Strasbourg Convention provides for extradition of nationals of the signatory countries who are accused of violent acts such as hi-jacking, bombing, use of grenades and firearms, and attacks on diplomats. It allows a state to refuse extradition where the offence is considered to be political, provided it then refers the case to its own legal authorities for prosecution.

Although the fine print of the EEC draft agreement appears slightly looser than that of the Strasbourg Convention, possibly allowing a little more freedom in interpreting what constitutes a political offence, there do not appear to be major differences. But of the nine EEC members, only Britain, Germany and Denmark have agreed to ratify its application in the Council of Europe.

Today's agreement, based on a Belgian compromise proposal, won support from France only after other member states agreed to follow up French proposals for a "judiciary zone" in the Community where, among other things, anti-terrorist provisions would be more tightly enforced.

Observers here suggest the French opposition to the wider agreement is based mainly on reluctance to enter into such an arrangement with non-EEC members of the Council of Europe, such as Turkey and Cyprus, lest it restrict France's ability to offer asylum to opponents of regimes there.

It is also suggested that certain EEC members are keen to conclude an anti-terrorist agreement before enlargement of the Community to include Greece, Spain and Portugal.

No retaliation by Austria

VIENNA, Oct. 10.

AUSTRIA WILL demonstrate the "true meaning of the freedom of the press" and not retaliate for the expulsion of an Austrian journalist from the Soviet Union, Herr Irwin Lanc, Interior Minister, said today. He had been asked whether Austria intended to retaliate against the expulsion of Herr Erhard Hutter, who was Austrian Television's Moscow correspondent AP

Kidnap case goes to trial

VIENNA, Oct. 10.

TWO Austrians and a German-born woman went on trial here today charged in connection with the kidnapping of a wealthy businessman's wife for a ransom of 25m schillings ($1.7m). The three pretended to be West German terrorists and were arrested in a police siege of a Vienna bank last January when they tried to withdraw the ransom money. Reuter

IRISH TELECOMMUNICATIONS

A race to catch up

BY OUR DUBLIN CORRESPONDENT

JUST FOUR years after Alexander Graham Bell had his historic conversation with his assistant, Dublin's first telephone exchange came into operation. Today, frustrated subscribers in the Irish Republic might be forgiven for thinking that not much has been done about it since.

Unfair as such a jibe might seem to the harrassed officials, engineers and operators of the Department of Posts and Telegraphs, no one disputes that the Irish telephone system is by far the worst in the EEC.

The figures tell their own story. France, for so long the butt of jokes about its telephones, has 27 phones per 100 of the population compared with 15 in Ireland. The Irish waiting list is around 40,000 and a wait of three years is not uncommon. A house which has a telephone installed can fetch an extra £100 or more on the market. Charges are high but the service has lost £32m in the last three years.

More serious, though, than the difficulty of getting a telephone, is the fact that it does not work very well when installed. Businesses, particularly new ones attracted from abroad, will be given priority on installation but, particularly if situated outside Dublin, they will find that their communications problems are far from over.

For the Dublin user, communications to the outside world are reasonably satisfactory, with direct dialling to more than 20 countries and an efficient international operator service for the rest. The exception to this is the UK, Ireland's nearest and most important trading partner. There is direct dialling to only five major British cities, plus Belfast, and an uncertain service to the rest.

But the situation for those outside the capital is much worse. There are few exchanges with direct dialling to overseas and it is difficult for foreign callers to reach provincial Irish towns and cities.

Were it not for the telex system the chances of attracting any industry to locations outside Dublin would be slim. Now, particularly after a strike last year, there is a growing realisation in both Government and business that the state of Irish telecommunications may be a serious disincentive to potential investors.

Unfortunately, with telecommunications more than most industries, the sins of the fathers are visited on the children. One could even make a case for blaming the British, as the Irish are prone to do. Certainly, development between that pioneering exchange in 1880 and independence in 1922 was slower than in Britain and there was widespread damage to the system during the troubles of that time.

> Unfortunately, with telecommunications more than most industries, the sins of the fathers are visited on the children. One could even make a case for blaming the British, as the Irish are prone to do . . . .

The new state attempted a programme of reconstruction and development in 1924 but it petered out, first during the depression and then because of the war. However, as with many other facets of Irish life, the 1950s and early 1960s were wasted years. The Republic languished in a slump while the rest of Western Europe boomed. The telephone system was far down the list of priorities.

The Irish industrial development drive under the Premiership of Sean Lemass in the late 1960s was not foreseen, still less the mini "economic miracle" which it produced. So the planners' assesments of the demand for telephones in the '70s and '80s were wildly pessimistic.

A measure of the failure can be judged from the statistic that in the four years from 1971 to 1975 twice as much had to be invested in the system as in the previous 15 years.

It will not be easy to catch up. The Department has a five-year £350m programme to develop the system. If it goes according to plan, it may considerably improve the system, but it is unlikely even then to match the standards in most EEC countries.

The legacy of neglect and the race to catch up are also responsible, many observers believe, for the complicated engineers' dispute which recently brought the system grinding to a halt for three months.

The recruitment programme has meant that an exceptionally large proportion of Irish telephone engineers are young (under 25) and there is not the usual extensive hierarchy of older and wiser heads at the top.

They are being asked to take part in a modernisation programme which involves considerable changes in working practices, skills, deployment and opportunities. Many believe also that Department itself is not adept at handling the resulting tensions and problems.

The argument is that a civil service department is the wrong kind of organisation to supervise the development of a high-technology industry like telecommunications.

Certainly the Department of Posts and Telegraphs (P and T, as it is known)shows signs of inflexibility and lack of leadership. When a worker refuses an instruction, his supervisor is left with no option but to suspend him. This rigidity has been exploited by the engineers' union, the IPOEU, which managed to avoid calling strikes by the simple expedient of having its members suspended.

To be fair to P and T, there is also evidence of restrictive practices and excessive militancy on the part of the engineers. The Department found it was cheaper and quicker to give some contracts to commercial companies than to use its own staff. More than one agreement negotiated with the IPOEU has simply been ignored by sections of the membership, particularly the powerful Dublin branches. Even the latest proposals, which it is hoped will provide a permanent settlement, are already running into opposition.

Faced with this, the Government has commissioned a study into possible changes in the structure of the Telecommunications Branch of the Department. The most popular suggestion—indeed the only one likely to be seriously considered—is to hive it off from the Department and run it as a semi-State corporation, along the lines of Aer Lingus or the Turf (peat) Board.

The difficulties would be immense. Critics of the scheme, who include most of the Post Office unions other than the engineers, point out that not all the semi-State companies have been models of efficiency and profitability.

Another suggestion is simply to invite the big international companies, like ITT or perhaps the British Post Office, to tender for the development of a modern national system. Groups which have floated this idea include the Confederation of Irish Industry, but the blow to national pride, and the probable opposition of the unions, make it an unlikely option.

The best hope for the hard-pressed Irish subscriber still lies in an early settlement with the engineers and the successful implementation of the five-year programme. In the long run, structural changes may be both desirable and inevitable but in the shorter term the prospect of getting through to London on the first try and with a decent line would satisfy most people.

Strike by clerks a threat to Shannon

By Stewart Dalby

DUBLIN, Oct. 10.

ONE HUNDRED clerical workers, employees of Aer Rianta, the authority which runs Shannon Airport, went on strike today, threatening disruption to Ireland's major transatlantic airport.

The clerks have decided to set up pickets on the airport and if other workers—notably security men and firemen—decide not to cross the picket it could lead to a shutdown of the airport, as international regulations require a fire-fighting force to be on stand-by.

The clerical workers, who belong to the Irish Transport and General Workers' Union (ITGWU), have had long-running talks with the Airport Authority about a number of issues, including promotion and fringe benefits. Talks broke down last Friday and it was decided to take industrial action from today, although by tonight there was no indication that pickets had been effectively set up.

Although the strike is unofficial, it could cause considerable dislocation since Irish workers are extremely reluctant to break pickets even if set up by other unions. Any disruption is extremely worrying to Aer Lingus, the country's national carrier, which earlier this year endured a seven-week strike sparked off by its own clerical workers. Although the airline managed to keep going, schedules were badly affected.

At one time, the strike was estimated to have cost the airline £50,000 a day. The Aer Lingus strike coincided with a lengthy telecommunications strike and considerable damage was done to the country's tourism industry. Strikes in these important communications industries were also extremely bad publicity for a country trying to attract foreign investment partly on the basis of its good strike record.

AMERICAN NEWS

Warnke to resign as SALT negotiator

By Jurek Martin

WASHINGTON, Oct. 10.

MR. PAUL WARNKE, the chief U.S. strategic arms negotiator, will resign later this month, the White House announced today.

He will leave his post as director of the Arms Control and Disarmament Agency (ACDA) after the Moscow talks which are scheduled for October 22-23, between teams headed by the two Foreign Ministers, Mr. Cyrus Vance and Mr. Andrei Gromyko. These talks now look as though they will be the final act in the protracted strategic arms negotiations between the two countries.

Mr. Warnke's resignation, therefore, is being interpreted as yet further confirmation of the fact that conclusion of a second SALT treaty is now imminent.

Mr. Warnke has let it be known several times in the last week that he wanted to leave his post for personal reasons, once an essential SALT pact had been reached.

He apparently wanted this known well in advance so as to avoid the interpretation that his departure was an Administration concession to hard-liners in Congress in order to help win eventual Congressional ratification for a second SALT pact.

The recent surge in President Carter's popularity has probably improved the chances of Congressional approval of the new agreement sometime next year.

Mr. Warnke had been considered by Congressional hawks to be too "soft" in his dealings with the Soviet Union. President Carter may, therefore, replace him with somebody who can be expected to take a tough approach to the inspection and surveillance provisions of a new SALT treaty.

This may not, of course, completely mollify Congressional critics of the Administration's arms policies, who will, in any case, have a further opportunity to attack Mr. Warnke as he has said he will testify on behalf of the new treaty when Congress begins the ratification process.

The President himself was effusive in praise of Mr. Warnke this morning, saying that he had enhanced the security of the United States

Congress push to wrap up tax and energy Bills

BY DAVID BUCHAN

WASHINGTON, Oct. 10.

WITH ONLY five full debating days left in this session, Congressional leaders are pushing their troops hard to take final action on the crucial tax cut and energy Bills.

The two branches of the legislature plan to adjourn on Saturday to allow members to start campaigning in earnest for re-election on November 7.

Of the two Houses, the Senate has the bigger backlog. It is still picking its way through the various components of President Jimmy Carter's energy programme, which must all get Senate approval by the end of the week if the House of Representatives is to be able to vote on the whole package.

Failure to do so would mean Congress being recalled for a "lame duck" session at the end of the year, which few Congressmen would want.

Two more strides towards Mr. Carter's goal of an American energy programme were taken yesterday when the Senate passed Bills to reform the structure of rates charged by power companies and to encourage domestic conservation of energy.

It has already passed the Bills to phase out price controls on natural gas and to get industry to switch from burning oil and gas to coal.

The one remaining hurdle is the tax aspect of the Carter energy programme with House and Senate negotiators yet to agree on a special tax to penalise cars using excessive quantities of petrol.

In a startling move last night, the Senate took its tax cut Bill of nearly $30bn for 1979 a big jump further, by approving cuts in income tax totalling a colossal $142bn for 1980-83, if the Government can at the same time meet stringent targets for holding down public spending.

It is highly unlikely that this will stand up when the differences between the Senate and House versions of the tax bill are thrashed out in Conference later this week.

Even without the latest measure which would cut income taxes by $8bn in 1980, $25bn in 1981, $43bn in 1982 and $65bn in 1983 the difference is already considerable.

The House only approved tax cuts—both personal and corporate—of $16.3bn in 1979 or about half the tax relief that the Senate wants to provide next year.

The Republicans, with a few stray Democrats tried to win Congressional approval for an *unconditonal, one-third cut in* income tax over the next three years, but were roundly defeated.

Meanwhile, President Carter is launching a last-minute lobbying campaign to get some action on the Humphrey-Hawkins full employment Bill this week.

His attempts will almost certainly prove vain as the Congressional timetable is already overloaded.

New Act puts pressure on banks

BY STEWART FLEMING

NEW YORK, Oct. 10.

BANKS and savings institutions are facing new pressures to justify the quality of the services the yoffer in disadvantaged communities as a result of new regulations under the terms of the Community Reinvestment Act.

The Act was passed last year partly with the objective of dealing *with the practice of* "red lining"—ringing certain deprived areas with a red line. Critics of banks and savings institutions which are major lenders in the home loan business have claimed that some banks have traditionally cut back their commitments to poor neighbourhoods and that this has contributed to urban decay.

Banking groups have consistently refuted the allegations. But in spite of this in 1975 Congress passed the Home Mortgage Disclosure Act which required the institutions to make available informaion about the lending commitments. This enabled community groups to try to establish from the banks' own statistics that some institutions were limiting the supply of funds to certain districts.

However, according to Mr. Allan Fishbein a lawyer at the Centre for Community Change, a Washington-based public interest group, community groups would have to use the information to bring a racial discrimination action under the Equal Credit Opportunity Act (1974) or the Fair Housing Act (1968), both of which, he suggests, would be hard to prove.

Under the Community Reinvestment Act federal regulatory agencies responsible nationally for banks and thrift institutions (the Federal Reserve Board, Federal Home Loan Bank *Board, Federal Deposit Insurance* Corporation and the Comptroller of the Currency) are required to assess each bank's and savings and loan institution's record in meeting the credit needs of "its entire community" when considering applications to establish branches, to merge or to be granted a federal charter.

Mr. Fishbein says that the Act, for the first time, imposes on these financial institutions an obligation to help meet the credit needs of the communities in which they operate. If they fail they could face sanctions like being refused permission to open branches elsewhere.

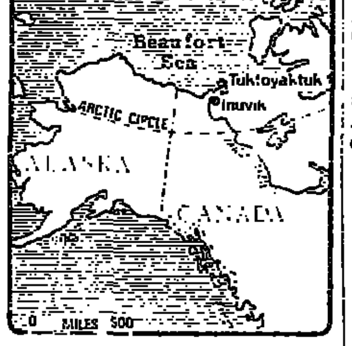
While the thrust of the law is clear Mr. Fishbein says several potential difficulties in applying it can be expected, even allowing for the detailed regulations which will be drawn up by the supervisory agencies.

He points out, for example, that public interest groups had hoped that the federal agencies might take the initiative in assessing an institution's performance under the terms of the Act. Instead, he says the community groups themselves will have to bring actions. He says that any judgment on whether or not an institution is meeting a community's credit needs will have a subjective element. Therefore much depends on how the agencies apply the Act and regulations.

He believes that the Act could prove to be a landmark, since hitherto regulatory approvals for opening new branches and merger moves have tended to focus on meeting the convenience and needs of the community in which the bank was opening a branch. Now, regulators are required to look at the institution's record in communities where the bank is already operating.

Under the regulations, supervisory agencies will look at an institution's marketing programmes, participation in local community development projects and evidence of tendencies to discourage certain types of applications, when assessing whether or not to grant approvals.

The financial institutions covered by the law—most banks and about half the nation's savings and loan associations—have been critical of many aspects of the law. They are concerned that they may find themselves under pressure to make unsound commercial decisions.



Dome drills more Arctic oil wells

By Michael Tingay

NORTHWEST TERRITORIES, Oct. 10.

DOME PETROLEUM is attempting to complete production testing on three offshore wells drilled in the Beaufort Sea, during the short Arctic summer, which has just come to an abrupt end. The Calgary-based Canadian company has its local operations centre in Tuktoyaktuk, on the Arctic coast 100 miles north of Inuvik, at the head of the vast Mackenzie River delta.

The drilling is the most *northerly offshore undertaking in the world*, and the first of its kind in the Arctic Ocean. It is also the most expensive. Each well drilled during the three-month season will have cost $40m by the time of shut-down in the next few days.

The 1978 season has generated considerable excitement, both locally and on the New York Stock Exchange, where Dome shares have levelled off again after topping $100 per share earlier this summer. Last year two wells were drilled and tested. One yielded gas at 17m cu ft per day, and the other a light crude oil at 1,900 barrels per day. The three 1978 wells have been logged, but there is no indication so far of what the company may find. To the north-west on Alaska's north slope a more sulphurous oil (28 API and 1.4 per cent. sulphur) is being extracted at a rate of 1.2m b.p.d., but Alaska has no offshore drilling. Dome began its preliminary programme in 1975, after taking concessions in the Beaufort Sea in the 1960s. Offshore drilling would not have got under way yet but for the personal conviction of Dome's owner, Mr. Jack Gallagher, who regarded the Beaufort Sea as the largest unexplored sedimentary basin in the world.

United's Tokyo flights approved

BY JOHN WYLES

NEW YORK, Oct. 10.

U.S. carrier, has received final approval from President Carter to launch its first overseas services.

Japanese Government authority is now needed before the airline can begin operations between Seattle and Tokyo and between Portland and Tokyo and Osaka. United Airlines first filed applications to start these services 13 years ago, but it has taken the steady growth in traffic between the U.S. West Coast and Japan as well as the proliferation of cheap air fares to encourage the approval of the U.S. authorities.

United has undertaken to offer discount fares on the proposed daily non-stop Boeing 747 service between Seattle and Tokyo and on the three return trips a week from Portland which will be flown by McDonnell *Douglas DC8s. The only other U.S. carrier operating on these* routes is Northwest Airlines.

United's lack of an overseas *route structure is due mainly to* the policies of Mr. William Patterson, who was the airline's president between 1934 and 1965. He focused its development almost exclusively on domestic *operations* and since his retirement the airline's services have not spread further than Canada and Mexico.

The present management sees considerable potential for certain overseas routes and has applied to the Civil Aeronautics Board for permission to operate to Hong Kong, Peking and Shanghai. The inauguration of these services may yet be several years off since final decisions by the CAB would need to be accompanied by successful bilateral negotiations between Governments.

Advisers urge reform of Canadian car industry

BY VICTOR MACKIE

OTTAWA, Oct. 10.

THE CAR industry in Canada has no viable future unless there are major changes in its organisation and the nature of its *operations, according to the Science Council of Canada an advisory body to the Ottawa Government.*

Mr. J. J. Shepherd, the council's vice-chairman, said the domestic car industry would require new investment of C$6bn to remain competitive over the next two years.

The Council's report prepared for presentation to Mr. Simon Reisman, a former Deputy Minister and now a special consultant to the Government on the car industry, said a solution would be to convert existing assembly plants into fully integrated and self-sufficient operations.

Although critical of results of the Canada-U.S. free trade auto-pact agreement which came into effect in 1965, the report said *the domestic industry should be revived within the framework of the treaty.*

The pact was originally established *with the goal, on the* Canadian side, of balancing Canadian production against consumption in the industry. But *13 years after the agreement* Canada has run up a cumulative deficit of C$7.5bn with the U.S. and deficits of more than C$1bn in each of the last four years.

In addition, the Canadian share of employment was less than half of what should be expected and new plant investment was also less than half the necessary amount.

OVERSEAS NEWS

Arab ministers to hold emergency discussions on Lebanon fighting

BY IHSAN HIJAZI

BEIRUT, Oct. 10.

THE FOREIGN Ministers of the Arab states participating in the Arab peace-keeping force in Lebanon will hold an emergency meeting in Beirut next Sunday.

This was announced today by the Lebanese President, Mr. Elias Sarkis at the end of his talks in Saudi Arabia with Crown Prince Fahd and the Foreign Minister Prince Saud al Faisal. Mr. Sarkis then flew to the United Arab Emirates for talks with Sheikh Zaid Ben Sultan, the President. He has launched a tour of a number of Arab states to discuss the Lebanon situation, after three days of inconclusive talks in Damascus with President Hafez Assad. He is expected to stop in the Syrian capital on his way back to Beirut for further negotiations with Syrian leaders.

It was reported today that no agreement was reached at the Damascus meetings after Mr. Sarkis reportedly insisted that Syrian troops, forming the bulk of the Arab peace-keeping force, must leave the Christian areas of East Beirut and turn their positions over to units of the Lebanese army. These areas were the scene of last week's heavy fighting.

According to the daily As Safir, which is usually well informed on Syrian affairs, the only agreement reached in Damascus was on the ceasefire reached on Saturday which ended eight days of fierce and savage artillery exchanges between Syrian troops and the Maronite militias.

Occasional sniping and shelling last night and today, especially at the north-eastern approaches of *the capital*, have demonstrated that the truce is very brittle. Since the ceasefire went into effect, at least seven people were reported to have been killed.

Altogether about 800 people lost their lives during a week of fighting, while as many as 3,000 were injured. Damage to property has been estimated at well over $400m.

According to As Safir, Syrian officials warned Mr. Sarkis that Syrian military withdrawal from Lebanon will not end the Syrian role here. Damascus, he was told, remains committed to protecting the Palestinian guerrillas and its political allies in Lebanon.

David Lennon writes from Tel Aviv: Israel suspects that Syria is planning to resume its battles with the Christian forces in Beirut, despite the ceasefire arranged a few days ago. Military officials in Israel report that the Soviet Union has pulled its citizens and diplomats out of Beirut during the past 24 hours. In addition they report that the Syrian units around the Lebanese capital are being reinforced by artillery units being brought in from Syria, rather than from Syrian forces in other parts of the Lebanon.

These two elements have led military officials here to conclude that Syria intends to press on with its attempts to smash the Christian forces in Lebanon.

Meanwhile, Israel's security forces have arrested over 1,000 Palestinians on the occupied West Bank and Gaza Strip in the past six months as the pace of the guerrilla activities against Israeli targets has escalated this year. More than 60 guerrilla cells have been uncovered, most of them belonging to El Fatah, with some linked to the Popular Front for the Liberation of Palestine.

Our Foreign Staff adds: ● Mr. Ashraf Marwan, Egyptian head of the Arab Organisation for Industrialisation (AOI) and once President Sadat's confidant *has been sacked because of* alleged dubious practices, according to the Cairo daily Al-Akhbar. In a scathing attack on Mr. Marwan, rare for the Egyptian Press, the paper said that he had turned the AOI "into a state within a state." He has now been transferred to the Foreign Ministry and Al-Akhbar says "it is not expected that he will be given important work to do."

Zambia, S. Africa rail accord

JOHANNESBURG, Oct. 10.

ZAMBIA AND South Africa have reached agreement on plans to rail Zambia's copper exports and fertiliser imports through Rhodesia, it was announced here today.

South Africa will act as Zambia's agent for the Rhodesian transit journey, with trains using Rhodesia's direct Beit Bridge rail link with South Africa, according to Mr. Kobus Loubser, the general manager of South African Railways.

The agreement was reached after two days of talks here between Zambian and South African rail officials, following President Kenneth Kaunda's decision last Friday to re-use his country's rail link through Rhodesia. His move was a result of the serious congestion on Zambia's alternative transport routes through Tanzania and Mozambique—and the danger that most of the country's fertiliser supply might be held up beyond the start of the new planting season.

Mr. Loubser said today that fertiliser would be transported by rail to Zambia, and copper carried in the South African trucks on the return journey. Most of the fertiliser is on the docks in the Mozambique capital, Maputo, but otherwise the South African port of East London will be used as the principal import and export points. A ship carrying 13,000 tonnes of ferti*liser destined for Zambia arrived* there yesterday, having been diverted from Maputo.

Initially one train a day will travel north, and another south on the return journey. Mr. burg and East London. "This agreement is within the framework ..." Loubser said, but there is a provision in the agreement for the traffic to be increased. Where "other parties" were involved, South Africa would act as the agent.

Mr. Loubser said the Zambian officials had inspected South African facilities

Reuter adds from Lusaka: The first train to carry Zambian goods across Rhodesia for five years is due to arrive in the southern border town of Livingstone today, officials said. The train will be carrying seed for the 1978-79 crop of maize.

But there was no immediate word here as to when 90,000 tonnes of imported fertilisers needed before maize is planted would begin reaching the country.

● **John Worrall reports from Nairobi:** Kenya's Acting President, Mr. Daniel Arap Moi, was today officially declared President of the Republic. Mr. Moi's nomination papers were handed by the Kenya African National Union to the supervisor of elections, Mr. Norman Montgomery. As there was no other candidate, he was automatically declared head of state.

Vorster assumes office

BY JOHN STEWART

CAPE TOWN, Oct. 10.

SOUTH AFRICA'S fourth state president, Dr. John Vorster, took the oath of office in Pretoria's Church Square today.

Addressing a crowd of more than 10,000 he urged the militants of the world to accept the bonafides of the new South African Government and its newly-elected Prime Minister, Mr. P. W. Botha. Mr. Botha, he said, had offered his kindness and friendship in all sincerity to the world. "I say to the militants of the world—the choice is yours.

*"We do not want to fight any*body. Our record shows clearly that we have searched for peace and goodwill to nations—even to some that went out of their way to harm us."

Mr. Justice M. T. Steyn, the Administrator General of South-West Africa, said today that if elected Namibian representatives emerging from the December elections decided not to continue negotiations with the Western powers or with the United Nations Security Council but opted instead to press for independence "then we will be forced to implement their constitution and bring independence to the territory."

In a speech which cannot be regarded as helpful on the eve of a proposed visit to South Africa by the Foreign Ministers *of the five western nations in* the Security Council, Mr. Steyn said South Africa was determined at all costs to go ahead with its elections for a constituent assembly "despite threats of sanctions from the international community."

Schmidt arrives for Tokyo talks

By Charles Smith

TOKYO Oct. 10.

THE WEST German Chancellor, Mr. Helmut Schmidt, arrived here this afternoon for talks which are expected to cover international economic problems, the relations of West Germany and Japan with the Soviet Union and China and preparations for next summer's Tokyo summit.

Mr. Schmidt will be meeting Takeo Fukuda, the Japanese Prime Minister, tomorrow and again on Thursday. He leaves Tokyo on Friday.

West Germany has a large bilateral trade deficit with Japan (imports in 1977 totalled $2.78bn against exports worth $1.49bn).

Bilateral trade, however, is not expected to be the main item on the agenda. Trade matters were fully discussed less than a month ago when Count Otto Lambsdorff, the West German Economics Minister, visited Tokyo.

Also West Germany has consistently shown less concern about its deficit with Japan than other major EEC countries such as the UK and France.

Bonn, in fact, has appeared to be a less than wholehearted supporter of attempts by the EEC Commission to pressure Japan into various types of export restraint, although the Germans support fully efforts to increase Japanese imports.

In the absence of pressing bilateral trade issues, economic discussions between Mr. Schmidt and Mr. Fukuda are likely to focus on international monetary issues and on a review of each country's economy.

Both West Germany and Japan have recently taken action to try to stimulate flagging economic growth with West Germany stressing tax cuts and Japan emphasising government spending on public works projects.

Apart from economics, the Schmidt-Fukuda talks will probably focus on plans (including the date) of next year's summit meeting and on East-West relations.

Mr. Fukuda (whose determination to play host at the summit is tied up with his bid for re-election this winter as leader of the ruling Liberal Democratic Party) is said to be anxious to fix a date in June but has yet *to hear the reaction of Western* leaders.

Japan would find an earlier *date inconvenient, partly because* the Diet would normally be in session until May but also because *a general election could be called in the spring.*

East-West topics will include Japan-China relations in the aftermath of the signing of the Sino-Japanese treaty of peace and friendship and West German attitudes towards the Soviet Union.

Japan has shown increasing interest in European security questions during the past two years and made its first formal contact with NATO last summer with a visit to Brussels by the Director-General of the Defence Agency.

Mr. Schmidt's Tokyo visit could provide the opportunity to initiate regular discussions between Bonn and Tokyo on security matters.

Peking Mayor Wu Teh sacked

BY JOHN HOFFMANN

PEKING, Oct. 10.

WU TEH, the senior Peking municipal Communist party official, has been dismissed by the Chinese Government.

The announcement today that Mr. Wu had been relieved of his post as Mayor of Peking crowns a mounting campaign of public criticism against him.

In recent weeks wall posters have accused Mr. Wu of failing to carry our Communist party policy, siding against the popular Vice-Premier Teng Hsiao-ping and protecting followers of the disgraced gang of four.

Mr. Wu become increasingly unpopular since his violent sup*pression of demonstrations in Peking in 1976. His political demise has been regarded as* inevitable in view of the renewed *influence of Vice-Premier Teng*, who was toppled from office at a time when Mr. Wu's power was at its greatest.

The new mayor of Peking is Mr. Lin Hu-Chia, a close associate of Vice-Premier Teng. Mr. Lin's promotion to the top Peking municipal post closely follows his appointment as Mayor of Tientsin.

Colina MacDougall writes: The Chinese Foreign Minister Huang Hua arrived yesterday for a four-day visit to Britain. He will have talks with Dr. David Owen, the Foreign Secretary, this morning, and call on the Prime Minister this afternoon.

His official engagements today will include a lunch given by the Sino-British Trade Council and tomorrow a visit to the British Council. He is to spend Friday in Cambridge, where he will tour the Cavendish Laboratory, the faculty of oriental studies and Pye Telecommunications Limited.

UK A-team for Australia

BY LAURIE OAKES

CANBERRA, Oct. 10.

BRITAIN IS to send a small team of technical experts to Australia to advise on the disposal of nuclear waste at the former British atomic weapons test site at Maralinga in South Australia.

Australia's acting Foreign Minister, Mr. Ian Sinclair, said today that Mr. David Owen, the British Foreign Secretary, had offered the services of a technical team and the Australian Government had accepted.

The team would arrive soon to "help Australian authorities define the extent of possible physical problems involved with the Maralinga site." Decisions on *what should be done with nuclear* waste buried at Maralinga would depend on the results of these *technical evaluations.*

The Australian Government had wanted Britain to remove the waste which results from *nuclear tests conducted in the* late 1950s and early 1960s. Mr. Sinclair's announcement was interpreted here as meaning Britain had declined to do so.

In a statement issued in Canberra this morning, the British High Commission denied that British authorities had been in any way careless or negligent in cleaning up the Maralinga area following the weapons tests there.

$9,520m debt for S. Korea

SOUTH KOREA'S foreign debts at the end of August totalled $9,520m, according to a Government report released today.

The report said that South Korea had borrowed a total of $11,257m overseas since 1959 and paid back $2,737m in principal.

The outstanding foreign loans consisted of $1,584m in commercial loans and $3,933m in public loans.

The U.S., Japan and the World Bank were listed as major sources of the funds.

AP-DJ

Yugoslavia's prices up

BELGRADE, Oct. 10.

Yugoslavia's consumer price index has risen by 1.5 per cent since August and by 14 per cent since September last year, the Federal Statistics Bureau reported. The index, which is not *seasonally adjusted*, showed that the cost of living was 16.9 per cent up on the 1977 average.

AP

PAKISTAN'S DEFENCE

Counting on U.S. aircraft

BY SIMON HENDERSON

PAKISTAN IS expected to make *pronounced* efforts in the next few weeks to persuade the United States to formally lift its effective embargo on the sale of sophisticated weapons to Islamabad. These efforts will be accompanied by increasing pressure from American aircraft companies in search of commercial contracts.

The move is the result of the collapse of a major tenet of American policy—that Washington will not be the first to introduce a new weapons system into the area—with last week's sale to India of 40 aircraft, and the granting to India of manufacturing rights for the Anglo-French Jaguar strike aircraft.

In preparation for the change of policy, two American companies — Northrop and Ling-Temco-Vought (LTV) — have recently made sales visits to Pakistan. Representatives of another, McDonnell Douglas, are expected soon.

There has been no confirmation of Indian reports that the sale of Indian reports that the sale to Pakistan of 75 Northrop F-5 aircraft has been agreed, but even if this is the case, military experts say Pakistan would still need aircraft such as the more sophisticated A-7.

One of the arguments Pakistan is expected to use concerns the balance of power, or more exactly the imbalance in favour of India, in terms both of numbers and sophistication.

Another argument will be Pakistan's position in the region following the April coup in *Afghanistan. Pakistan now sees* itself as a bastion for the West against Soviet expansionism in the area. It also sees the potential threat to Pakistan of an Afghanistan ideology of territorial expansion to the River Indus.

It is understood that the Afghan air force was recently infringing Pakistan air space at the rate of 40 aircraft a day. Pakistan air force sources claim to have proof that each group of aircraft was led by a Soviet flight commander. Relations between the two countries are tense, with Pakistan's Right-wing President Zia-ul Haq labelling the new regime as Communist, but cordial enough for him to stop in Kabul for a cup of tea and a chat while on his way to Tehran last month.

A major stumbling block for Pakistan in the acquisition of new aircraft has been Islamabad's determination to go ahead with a nuclear reprocessing plant. But with France now withdrawing from the deal as a result of American opposition, a way may be opened. It depends whether Pakistan tries secretly to match Indian nuclear technology.

Delhi's explosion of a nuclear device in 1974 effectively ended serious talk of another Indo-Pakistan war but military planners in both countries are believed to be working on the assumption that the other is the most likely adversary. The major issue, Kashmir, remains unresolved. This *Moslem province* in a Hindu State still arouses strong public feeling in both countries and although the last major war over the province was in 1964, the passions aroused by the confrontation over the independence of Bangladesh in 1971 cloud the issue.

Pakistan's inferiority complex in relation to India is not helped by Delhi having sufficient foreign currency to buy Jaguars *off the shelf, or having the in*dustrial capacity to take on production. The question of finance is crucial to Pakistan's aircraft purchases and it simply does not have the funds.

INDIA
Total armed forces 1,096,000; est GNP 1977 $101bn; defence expenditure 1977 $3.45bn; 29 divisions, 1,700 tanks, 661 combat aircraft.

PAKISTAN
Total armed forces 429,000; est GNP 1977 $17.6bn; defence expenditure 1977 $819m; 18 divisions, 1,900 tanks, 257 combat aircraft.

AFGHANISTAN
Total armed forces 110,000; est GNP 1977 $2.3bn; defence expenditure 1977 $60m; 13 divisions, 790 tanks, 144 combat aircraft.

A U.S. company hoping to persuade Pakistan to buy its product must also look to Washington as a source of the necessary credits. For 100 aircraft this means at least $500m. It is thought LTV is confident of its position because it had an order from Pakistan for 110 A-7s until the State Department squashed it early in 1977, partly over the nuclear reprocessing issue. But Pakistan is politically disappointed with Washington's lack of support since the Afghanistan takeover, so presumably would worry over future supply of spares.

This is why France probably remains in the running despite Islamabad's pique over the cancellation of the reprocessing deal. The Pakistan air force already uses earlier Mirages, and later models are comparable with the A-7 and have the added advantage of capacity for use as interceptors.

Furthermore, French technicians are already on the ground, *servicing Mirages. Crotale sur*face-to-air missiles and Atlantic naval reconnaissance aircraft. A refurbishing plant for Mirages was completed locally a few months ago.

A three-way deal could be envisaged for Mirage purchases, with Arab states providing the money in return for Pakistan pilots (who are better than their technicians) training Arab air forces to operate the same aircraft, as they already do in some *Gulf states*

The supply of new aircraft is becoming urgent. Apart from the 60 Mirages now in service, the Pakistan air force is heavily dependent on Chinese-built MiG-19s and American F-86s of Korean War vintage. One of the latter aircraft, still used in a front-line ground attack role, recently shed both wings in flight, killing the pilot.

Pakistan's official reaction to the Jaguar sale to India has been of relatively muted concern. Towards Afghanistan such a delicate tight-rope is being walked that an Afghan pilot who two months ago lost direction after striking at rebellious Afghan tribesmen was handed back with aircraft within days.

LTV is already lobbying Congress in order to ensure that its A-7 production lines in Houston can remain open. Other Americans are arguing the case of Soviet penetration through Afghanistan, and Pakistan's sometimes turbulent tribesmen of Baluchistan, to the warm water of the Gulf.

By appearing responsible in *its actions, Pakistan may well* be hoping that other people's efforts will clinch the deal for new aircraft.

WORLD TRADE NEWS

Algeria and Sweden sign $2.25bn LNG agreement

BY WILLIAM DULLFORCE

STOCKHOLM, Oct. 10.

ALGERIA WILL supply Sweden with 1.7bn cubic metres liquid natural gas (LNG) a year for 20 years from 1985 under a provisional SKr 10bn ($2.25bn) agreement signed in Algiers yesterday. The contract between the Algerian state-owned company, Sonatrach and Swedegas, which is half state-owned has to be ratified by the two Governments before July 1 next year.

Swedegas already has a similar agreement with the West German Ruhrgas company for the import of 1.2bn cubic metres LNG a year from 1985. Swedegas and Ruhrgas plan to form a company to build a pipeline from Emden to the Danish border to link with the gas trunk line, which the Danes are planning and which could carry the German gas via Copenhagen to Malmoe in southern Sweden.

It is estimated that, if both these projects are realised, LNG imports could meet about 4 per cent of Sweden's energy requirement in the late 1980s. The gas would be used in southern and western Sweden.

Both projects, however, hinge on a decision by the Swedish Government and Parliament to go ahead with the construction of a gas distribution network. The collapse of the non-Socialist coalition government last week was due precisely to differences over energy policy—in this case the role of nuclear power—and it is not certain that a new projects.

The plan to import gas from West Germany also depends on the negotiations between Denmark's state oil and gas company and the privately-owned Danish underground consortium for the sale of gas from the Danish North Sea. If the Danes cannot agree, they would have less interest in building a pipeline.

The contract signed yesterday in Algiers would give Swedish shipping companies preference in carrying the LNG. It would be landed either at Wilhelmshaven in West Germany for further transport through the Danish trunk line or at a new terminal to be built at Brofjorden on Sweden's west coast.

Mr. Nils Salander, managing director of Petroswede, the oil company half owned by the Swedish state, fired a broadside at Swedish oil policy when announcing his resignation yesterday. Competition for foreign concessions and public funds from the wholly state-owned Swedish Petroleum Company, which owns half of Petroswede, had led to an "absurd situation."

Both Petroswede and Swedish Petroleum have bid for parts of new concessions in the Norwegian North Sea but it is understood that neither is likely to be awarded any part concession. Norway has promised Volvo Petroleum, a newly formed company, a share in new offshore blocks under the agreement providing for the Norwegian state and private investors to take a 40 per cent holding in the Swedish motor company.

Indo-Pakistan failure

BY CHRIS SHERWELL

ISLAMABAD, Oct. 10.

INDIA AND Pakistan failed to reach a full agreement on bilateral trade in three days of talks which ended here last night. The main stumbling block was the large imbalance favouring India in private sector trade, which Pakistan finds unacceptable.

The failure to agree is a *setback to hopes for expanded* trade between the two countries. Coming on top of the Indian decision to purchase Jaguar strike aircraft it may also be seen by some as signifying a reverse in an otherwise improving trend in relations between the two countries.

This trend has been illustrated by Pakistan's purchase of wheat seed from India and the decision by both countries to establish consulates in Karachi and Bombay.

Since trade was resumed between India and Pakistan in 1975 Pakistan has suffered a total deficit of $22m, according to figures available here. Having recorded a surplus in the first year, when trade was on a Government-to-Government basis only, Pakistan's position was reversed in the succeeding two years when private sector trade was permitted.

This reversal has apparently been the result of India's greater competitiveness in Pakistan's markets, where demand is strong for a wide range of consumer goods.

Talks broke down in May on a new private sector trade agreement to replace the one expiring in June, and it had been hoped that the differences would be ironed out in the latest round of talks so that the trade could resume.

Instead, an arrangement will now operate under which the Indian public and private sectors can trade, but only with Pakistan's public sector.

Though both sides say substantial progress was made in the talks, the position now is worse from a strictly trading point of view than it was before May.

The two sides will meet again in New Delhi, probably within the next two to three months, to discuss outstanding issues.

India is apparently ready to consider some sort of regulatory arrangement to help control the balance of trade, but it is too early to say what this might be or whether it might produce an agreement at the next talks.

Coal conversion project

CANBERRA, Oct. 10.

THE AUSTRLIAN Government and the West German research and technology ministry have signed an agreement for a joint feasibility study on the conversion of Australian coal into liquid fuel.

National Development Minister Kevin Newman said the study will be based on a plant using the combined hydrogenation, gasification and Fischer-Tropsch technologies, with a production capacity of 2.9m tonnes a year of liquid fuel.

The German ministry will appoint Imhausenchemie GmbH as general contractor for the study, who will also act as co-ordinator.

Newman said the study will cost about A$3.6m, with half financed by the German ministry and the other half equally by the Australian, New South Wales, Victorian and Queensland governments.

The study will be required to report on the feasibility of establishing a commercial plant at a nominated priority site in each of the states.

Reuter

E. German steel mill orders

DUESSELDORF, Oct. 10.

AEG-TELEFUNKEN and the Schloemann-Siemag unit of GHH have won over 25 per cent of a DM500m East German heavy plate mill order, a Siemag spokesman said.

The order is from the East German foreign trade organisation Industrieanlagenimport and the project leader is Voest Alpine of Austria.

Schloeman-Siemag will supply the rolling mills and finishing line equipment, while AEG-Telefunken will deliver electrical units, the spokesman added.

Reuter

Go-ahead for Massey Ferguson factory in Sudan

BY OUR OWN CORRESPONDENT KHARTOUM, October 10.

MASSEY FERGUSON is to set up a joint venture tractor manufacture and assembly plant in Sudan. Agreements were signed yesterday in Khartoum establishing the Sudanese Agricultural Machinery Manufacturing Company.

The company's $100m plant, scheduled to be operational in 1981, will turn out 4,000 tractors a year. These will be 75 hp MF 285, an improved version of the MF 185 which is already used widely in Sudan. The factory will also produce 4,000 assorted agricultural implements yearly and 400 dual purpose *combine harvesters a year for* bagging and bulk moving.

Over the past five years Sudan has imported an average of 1,300 tractors a year, of which 800 have been Massey Fergusons. The 4,000 a year capacity of the new factory allows for increasing mechanisation but also means that export is a possibility.

Massey Ferguson executives have been paying monthly visits to Sudan for the past three years in connection with the joint venture proposal, which was formally submitted in May 1976. The deal was almost finalised in August last year when an MF delegation arrived in Khartoum complete with a statue to be presented at the signing ceremony. But a last-minute hitch arose when Massey Ferguson and the Sudan Development Corporation could not reach agreement on a liability clause.

The deadlock continued until last February, when Massey Ferguson's executive vice-president, Mr. Hugo Vajk, visited Khartoum. Negotiations were then described to be in their final stages, but Mr. Vajk *left Khartoum with the contract* still unsigned. The final go-ahead came this week at 24 hours notice, taking Massey Ferguson executives in Khartoum by surprise.

During the delay, the cost of the proposed factory has escalated from $85m in the original proposal to $100m. Massey Ferguson (Canada) hold 25 per cent of the shares in the new company, the State-owned Sudan Development Corporation 24 per cent and the Sudan Government 51 per cent.

Iraqi contract boosts Brazil's Mideast hopes

BY DIANA SMITH AND PATRICK COCKBURN

THE CONCERTED effort of Brazilian contractors, with the full backing and active help of the Trade Promotion Department of the Brazilian Foreign Ministry, to sell their services to the developing world has begun to bear fruit.

The $1.2bn contract to build a 550-km stretch of railway in Iraq won by the major Brazilian constructors, Mendes Junior, is the largest services export contract ever won by a Brazilian company. And Mendes junior's success has given hopes to other Brazilian concerns of major contracts in other Middle Eastern countries.

The contract for the railway, which will link Baghdad with Hussaibah on the Syrian border, was won against stiff competition from Wimpey, Energoproject of Jugoslavia and Rail India Technical and Economic Services (RITES).

Mendes Junior was assistesd in winning the contract by the close involvement of Braspetro, a subsidiary of state owned oil company Petrobras, in the Iraqi oil industry. Petrobras has had a service contract with the Iraqi National Oil Company (INOC) since 1972 and discovered the 350,000 barrels of oil a day Majnoon field close to the Iranian border in 1976. There are reports of an even larger find in September last year.

Brazil is the third largest consumer of Iraqi oil and this will have helped Mendes Junior to win the contract. The government in Baghdad has indicated that it will favour purchasers of its crude in awarding major contracts. Brazil is also supplying iron ore to the major new steel mill at Khor al-Zubair which has just opened in the south of Iraq and an agreement is believed to have been signed earlier in the year for the supply of 200 armoured cars and personnel carriers to the Iraqi army.

Meanwhile, O. Globo, the leading Rio newspaper has revealed that a Brazilian consortium of builders, engineering companies and heavy equipment suppliers have entered an advanced stage of negotiations with Iran's Khuzestan Water and Power Authority for a turnkey contract which would cover design, building and supplies for the second stage of the Reza Shah Kabir hydroelectric scheme on the Karun River in Southern Iran.

The consortium (BRIC—Brazil-Iran Consortium) is competing against a German consortium led by Siemens and a French consortium led by Campenon-Bernard (which built the spillway for the first stage of the scheme).

This is powerful competition but, since the coordination of BRIC's equipment supplies is to be handled by Brown-Boveri's Brazilian branch, with Voith's Brazilian subsidiary as one of the subcontractors (turbines), and since BRIC has presented a proposal that is simpler, cheaper and faster to build than original specifications indicated, local hopes are high.

Stage two of the Shah Kabir dam would be a reserve to be brought into emergency use if Iran's ambitious nuclear energy programme is cut back, as now seems likely.

Dutch step up Paris air talks

By Charles Batchelor

AMSTERDAM, Oct. 10.

THE DUTCH Government is to hold top-level talks with French authorities on cooperation between the two countries' aircraft industries.

Holland has not yet decided on a replacement for its ageing fleet of Neptune reconnaissance aircraft and it is seeking better compensation terms if it is to order the French Breguet Atlantique, Prime Minister Mr. Dries van Aft said after a Cabinet meeting.

The Dutch not only want the French to order 12 F-27s for use as trainers by the French navy, they also hope France will share in the development costs of the F-29 jet. A Parliamentary delegation returned from France earlier this month without any firm guarantees from the French on this.

Economics Minister, Mr. Gijs van Aardenne and State Secretary at the Defence Ministry, Dr. W. van Eekelen will head the Dutch team.

A decision on whether to choose the Breguet Atlantique, which cost Fl 64m, or the Lockheed Orion, which costs only Fl 40-45m must be taken before the end of the year.

Renault opens Austrian plant

By Paul Lendvai

VIENNA, Oct. 9.

PRODUCTION STARTS up this week at Renault's Austrian subsidiary, Renault Industrie, based at Gleisdorf in the province of Styria.

Involving an investment of Sch. 45m, the plant will produce aluminium castings for the French parent company. Production staff is now 35 but will reach 65 by 1980, when turnover is expected to reach Sch. 95m (£3.4m).

Renault has a 51 per cent majority interest while OEIAG, the holding company for Austrian nationalised industries has a holding of 26 per cent. Creditanstalt Bankverein, the leading Austrian bank and the French bank Sogenal each have a 11.5 per cent interest in the Sch. 25m capital.

The project was made possible by subsidies granted by the provincial government, which was keenly interested to save the plant of a former bycycle manufacturer. It provided a Sch. 15m credit for 15 years at "special conditions" while a further Sch. 30m originated from the ERP funds (Marshall Plan counterpart).

Hong Kong exports bloom

BY RON RICHARDSON IN HONG KONG

HONG KONG'S export trade, on which the health of the whole economy is ultimately based, is beginning to bloom again. After a very slow start to the year, orders built up strongly, so that with two-thirds of 1978 complete, domestic exports reached HK$25bn, 11.2 per cent ahead of the level at the same time last year.

The August figures announced last week were themselves notable. For the first time, monthly shipments of Hong Kong-made products topped HK$4bn by HK$16m. This surge reflected the normal seasonal trend as goods destined for Christmas sale in Europe and the U.S. left the factories. However, it was still a healthy 21 per cent above the level of August, 1977.

Added to these local products were HK$1.196bn of goods originating elsewhere being re-exported during August to their final destinations. About a quarter came from China, with Japan not far behind. In fact, the growth of this re-export trade, which has revived Hong Kong's historical role as an entrepot centre, is the most notable change in the pattern of the colony's trade this year.

Financial Secretary Philip Haddon-Cave suggested recently that Hong Kong's efficient financial services, combined with its huge freight-handling capacity, were being used increasingly by the countries of East Asia to aid their own rapid export growth. This is a reversal of the past entrepot role which saw products from developed countries passing across the Hong Kong docks on their way to Asian buyers.

In part, the re-export surge reflects Peking's sales drive in world markets as it seeks foreign exchange to finance its ambitious technology-buying spree. In the first half of the year re-exports of Chinese products—mainly clothing, cotton fabrics, and unprocessed vegetables items—were up 24 per cent on their year-ago level, compared with the overall re-export growth of 29 per cent.

Japan's trade blitz also shows up prominently in the re-export figures, with total shipments in the first half up 48 per cent to HK$ 1.027bn. Nearly one-third of this was accounted for by watches and clocks, while Indonesia, followed by Singapore, was the main destinations of the goods.

Diamonds

One other aspect of the re-export growth was a very sharp rise (74 per cent) in the movement of precious stones, especially diamonds. Of HK$607m of diamonds, HK$193m came from Belgium and Luxembourg and *HK$144m from* the U.S. At the same time another HK$151m of the stones went through Hong Kong on their way to the U.S., and HK$205m to Japan.

If the re-export trade continues at its current buoyant level and domestic exports maintain their recent momentum, Hong Kong's total merchandise sales for 1978 should be well over HK$50bn. However, Haddon-Cave for one is doubtful whether this level will be reached. The dampener is the various textile quota ceilings which came into effect in the colony's main markets at the beginning of the year.

Clothing and textile shipments—and ultimately total exports—in the first two months of the year were depressed by the uncertainty of European buyers in the closing months of 1977 as the last stages of the renegotiation of the Multi-Fibres Arrangement (MFA) were thrashed out.

Once the trading framework was settled orders picked up. But as the end of the year approaches, the MFA—or rather the bilateral pacts which have been negotiated under its umbrella—are beginning to be felt again as quota ceilings in various categories are approached. The situation varies from country to country within the EEC, with Britain remaining about the strongest market.

In Hong Kong's other big clothing and textile market, the U.S., the situation is less confused—and less bright. Because of strong sales earlier in the year, some categories of goods have probably reached their quota ceilings already.

Given this situation, total exports for the full year will reach about HK$49.75bn, according to Haddon-Cave, while imports which are also climbing strongly, should top HK$56bn. The resulting trade gap *approaching HK$6.5bn* would be historically large, although it is within the capacity of the colony to absorb.

Hong Kong always runs a heavy deficit in its merchandise trade, inevitable in view of the territory's dependence on imports for its most basic commodity needs, including even water. This is offset by invisible earnings from the rapidly growing financial sector, from shipping services and from tourism, which this year is expected to yield about HK$4.5bn in foreign exchange.

Problems could arise next year, however. The level of imports should remain high, buoyed by strong domestic demand. But exports face a less certain outlook. The spread of discriminatory protectionist barriers against trade in a wide range of goods, reinforced by the limited growth allowed in textile exports by the various quota regimes, points to a slowing in export growth and even larger trade deficit.

UK sales in Japan buoyant

BY DANNY McGRORY

BRITAIN is maintaining its share of the Japanese market while the rest of its industrialised competitors have suffered a sharp decline in their trading fortunes.

Figures released yesterday by the British Overseas Trade Board show that although Britain's share of the Japanese market is still only 1.4 per cent—against the United States 17.5 per cent and West Germany's 2.1 per cent—exports last year rose to a record £469m, compared with £360m in 1976. However, Britain's visible trade deficit with Japan was still £596m last year.

Mr. John Field, the BOTB's special adviser on Japan, said: "I think it inevitable the visible trade gap will grow in the next *few years but with the Japanese* Government committed to a 7 per cent growth rate there is more scope than ever for British companies."

He said he did not think the Department of Trade's efforts at persuading the Japanese Government to restrict their export of cars and electrical goods would make things any more difficult for British manufacturers in the Japanese market.

Reviewing the last five years of Anglo-Japanese trade, Mr. Field said British companies should do more to break into what was a highly competitive but lucrative market. Already this year exports to Japan, valued in sterling, had risen by 15.7 per cent.

"Compared with our industrialised competitors we have not done too badly. I am not going to pretend we have done brilliantly but our sales effort *has been worthwhile*, MMr. Field said.

"The problem remains that while Japanese exports are heavily concentrated on a narrow range of mass produced consumer goods, Britain's exports cover a wide field and rely on the collective efforts of a large number of companies."

The area where the BOTB believes the greatest potential lies is the export of scientific and medical instruments, which has grown by 400 per cent in the past four years.

Britain's biggest earners remain chemicals and pharmaceuticals with £76m sales last year; Scotch whisky (£40m); textiles (£30m); foodstuffs (£25m); agricultural machinery (£20m).

Mr. Field was launching a new BOTB publication, "Selling to Japan" which shows how a number of companies (including Pilkington, Jaeger, De La Rue and Twinings) have won substantial orders in the Japanese market.

State may use 'forceful measures' to save energy

BY SUE CAMERON

A WARNING of "forceful" Government intervention if industry and commerce failed to take adequate energy-saving measures was given to a national energy management conference in Birmingham yesterday by Mr. Richard Morris, deputy chairman of the National Enterprise Board.

Mr. Morris said that there were still too many businesses which had done little or nothing about saving energy and thereby, saving money for their companies. Voluntary action on energy saving had been successful "up to a point," but far more would have to be done to achieve "even modest results."

"None of us likes or wants more Government interference in how we run business." Failure to achieve targets such as a 10 per cent saving on the nation's energy bill will mean that we have failed, as the executive directors and senior managers of our nation's businesses, to take note and act on the sound advice that is being given to us.

"The reaction to such failure must surely, in time, lead to more forceful measures by Government, a course none of us wants."

The conference, organised by the Department of Energy and attended by 800 energy managers, heard Sir David Steel, chairman of British Petroleum, forecast that the UK would need to start importing oil again by the early 1990s.

"Britain will soon cease to be an oil-importing nation with the benefit of North Sea oil production," Sir David said. "But it would be quite mistaken to see our oil self-sufficiency in the 1980s as grounds for complacency in tackling energy conservation now.

"This is because major projects required to develop alternative energy supplies have very long lead times. For example, the installed nuclear capacity of the late eighties is already defined by today's order book.

"The development of non-oil energy supplies is therefore unlikely to avoid the need to import oil again in the early 1990s."

Sir John Hill, chairman of the United Kingdom Atomic Energy Authority, said at the conference dinner that Birtain was effectively pursuing a cheap energy policy. But the real cost of energy was "certain to rise substantially at some time not far away."

Sir John said that North Sea gas, unlike oil, was free of all taxes. It was being bought by the Gas Corporation under take-or-pay contracts "at a fraction of the cost of extracting coal." This meant that gas was taking all the growth in energy demand.

"It is supplying demands which would otherwise have been met by coal or electricity." The Government is again having to subsidise the burning of coal to keep stocks to reasonable levels.

"Growth of electricity demand is very slow. Few new generating plants are being ordered, to the detriment of long-term energy supply, nuclear electricity and coal and, of course, the engineering industry that supports them.

"I commend to you a policy of conservation and efficient use of energy. It will not be possible to produce instant nuclear power stations or coal mines when the need becomes urgent."

News analysis — Bank's domestic side will have own Board

Lloyds creates new company

BY MICHAEL BLANDEN

THE DECISION by Lloyds Bank to set up a new management company to run its UK clearing bank business reflects the developments within the group over the past few years.

It follows the rapid expansion of the international activities, which has substantially altered the balance of the group's business.

Lloyds explained yesterday that the main Board has carried dual responsibility for overall supervision of group activities and for running the domestic banking business. After the reorganisation, the domestic side will have its own separate company and Board within the group structure. This puts it on a parallel with the other main subsidiaries—Lloyds Bank International, Lloyds Bank California and National Bank of New Zealand.

The change, similar to the restructuring carried out by Barclays seven years ago, will create a management system with some superficial resemblances to the two-tier Board arrangements in West Germany.

Historically, the Boards of the UK clearing banks have fulfilled a supervisory and overall planning function. They have been made up, normally, of a full-time chairman, a small number of other executive directors, and a large group of outside directors—captains of industry and commerce who can provide the bank with independent advice.

Day-to-day running of the bank has been left to the career bankers, normally reporting to a small executive committee including full-time directors. It is only in recent years that the banks have put their senior banking executives on to their main Boards.

Slimmed

Lloyds' last annual report listed more than 30 directors including the chairman, Sir Jeremy Morse, and among the full-time bankers the group chief executive, his deputy and the chief general manager of the UK bank. After the change, the group Board—possibly in a somewhat slimmed-down form—will deal with general group issues such as the capital adequacy of the bank, its international lending exposure and its overall direction and development. The assets and liabilities of Lloyds Bank will also remain with the main company.

Beneath that level, the UK management company, alongside the group. Details of the new company have not yet been settled, but it is thought likely the Board will be relatively small and include a greater proportion of executives.

The background to the change goes gack to the expansion of the group's international activities following the merger between Bank of London and South America and the Lloyds European branches in 1971. Initially this remained a separate quoted company with the Lloyds group owning only a majority interest. When full control was acquired and the name was changed to Lloyds Bank International, this side of the business already had its own management and Board structure.

Lloyds took some steps to recognise the change created by its rapid expansion about four years ago. At that time, the bank established the post of group chief executive—first occupied by Mr. Peter Piper—to exercise overall management control of the group, with a chief general manager responsible for the activities of the UK clearing bank operations. The latest move will identify the UK business as a separate and equal member of the other main subsidiaries, will have its own Board structure. Details of the new company have management company, alongside the group.

The other big UK clearing banks have recognised the need for some division of responsibilities, though in different ways. Barclays, like Lloyds, started off with an international division which had previously been a partly-owned and separately quoted subsidiary, Barclays Bank DCO. When this company became a wholly-owned subsidiary in 1971, the bank set up a new management structure.

Under this arrangement, Barclay had a group Board with three main operating companies beneath it. Barclays Bank International—the former DCO—is responsible for overseas business. A new Barclays Bank UK Management company runs the domestic banking business. A third group of activities, including business such as insurance broking and merchant banking, were brought under a financial services division.

The other big two banks have recognised, within their general management structure, the need to separate the day-to-day management of different parts of the business. Midland and National Westminster have retained a unified structure, but with a distribution of responsibilities within the general management.

UK 'needs plan for oil from coal'

Financial Times Reporter

THE UK should launch its own programme for obtaining oil from coal so that it can develop home expertise, says a National Coal Board report today.

The report, giving reasons for doing this, says that expertise from abroad would not be best adapted to British coals, environmental conditions or market structure.

Outside skills would give the country little security. It would have to rely on others for a vitally important technology.

An independent programme would make it possible to benefit from research overseas.

It is estimated that 20-tonne-a-day coal input liquefaction plants, with three- or four-year operational programmes, would cost about £15m each if set up now.

The coal industry tripartite working party has recommended to the Government that such plants be based on laboratory-scale processes proved at the Coal Board's research establishment.

The report says that commercial coal liquefaction plants could not be brought into operation before the end of the century, even under the most favourable conditions. Ordering of plant on any scale might not be possible before the next century.

Chinese steel plant contract for Britain

Financial Times Reporter

THE BRITISH Steel Corporation and Davy International have signed a contract with the Chinese Government to carry out an engineering study to modernise and develop the Shoutu steel plant in Peking.

The order follows a recent visit to China by a British iron and steel mission which included BSC, Davy and General Electric Company representatives.

The mission visited four steelworks and discussed plans to build a 10m tonnes-a-year plant in the Hopei Province.

Both sides are interested in collaborating on the project

Mr. Michael Webber, BSC's Head of Export Sales said he had "useful discussions" on increasing substantially the sales of UK steel products in China from the present £20m a year.

Eric Morley 'heaped with job offers'

BY ARTHUR SANDLES

THE FORMAL SEAL on Mr. Eric Morley's displacement as head of the Grand Metropolitan subsidiary, Mecca, came yesterday when the Mecca Board unanimously appointed Mr. Eric Sharp joint chairman. Mr. Morley and Mr. Sharp will in theory work together until Mr. Morley's departure at the end of the year.

If the sparks did fly in the Grand Metropolitan Boardroom over the departure, there were few signs of battle scars on the effervescent inventor of the Miss World Contest last night.

Heaped, he says, with offers of alternative employment, Mr. Morley seemed eager to shed his Press image of abrasive aggression and was charmingly relaxed about the events of the past few days. "It was a gentleman's agreement," he said of his forthcoming departure from the Mecca Chair.

According to his wife Julia, Mr. Morley may not long be jobless. "The phone has not stopped ringing," she said. "There have been mountains of letters and telegrams delivered to the house. It has been very encouraging. He will be considering the offers that have come in. Five of them have been quite staggering."

Mr. Morley hinted at increased profits in the future from the Mecca side of Grand Metropolitan. His fellow directors knew that even better results were on the way but, he added philosophically, there were a lot of people in a Boardroom and if there was one who disagreed with the others, that one had to go.

ICI accounts praised as example for companies

BY DAVID FREUD

THE ACCOUNTING method used by Imperial Chemical Industries to allow for the effect of inflation should serve as a guide to all UK companies, Sir Francis Sandilands said yesterday.

Giving the University of London's Stamp Memorial Lecture, he said he hoped the ICI accounts would be used by the Accounting Standards Committee as a starting point for their new exposure draft.

Sir Francis, who chaired the Sandilands Committee on inflation accounting which reported in 1975, said that in retrospect the timetable set by his committee was too ambitious.

He said the committee would have been wise to recommend that for three years or longer if necessary, companies should produce their current cost accounts in supplementary form, retaining the historic figures as their basic accounts during this period. This would have given time for experiment," he said.

In the way ICI developed on the Hyde Guidelines, issued by the Accounting Standards Committee in November, 1977, the company's statement was both comprehensive and logical.

Harland set for BR ferry contract

BY LYNTON McLAIN

BRITISH RAIL'S latest contract for a passenger car ferry, worth £14m, is expected to be placed with Harland and Wolff, the Government-owned shipbuilder, later this year.

The shipyard is already building a £12m passenger car ferry for the BR Sealink service between Stranraer and Larne and earlier this year was awarded a £28m contract to build two similar ferries for the short-sea BR routes from Dover.

The announcement of the latest BR ferry came from Mr. William Rodgers, Transport Secretary, yesterday, when he gave BR the go-ahead to invest a total of £16m in a new ship for the Fishguard to Rosslare Sealink service and in improving the Fishguard terminal to meet the rapid rise in traffic on the route.

By the end of August as many cars were carried through Fishguard as in the whole of 1977 and new ferry capacity will be urgently needed by the autumn of 1980 when the new ship is expected to enter service.

Talks have taken place between British Rail and Harland and Wolff and other yards, but BR has not called for tenders for the latest ferry. The new ship would have many features common to the other ferries Harland and Wolff is now building for BR and the yard is the favourite to win the new contract.

The latest ferry will carry up to 1,000 passengers, and 300 cars or 60 lorries.

High prices for Iranian items

SALEROOM

BY ANTONY THORNCROFT

Sotheby's continued its Islamic week yesterday with some extraordinary prices in a sale of ceramics, armour, metalwork and other items. The Zariri Gallery of London paid 15,000, plus the 10 per cent buyer's premium, for an Iranian lustre ewer made in Kashan about 1200, which had been estimated at £800-£1,000.

Other high prices were £12,000 (estimate £300-£500) for an Iranian steel cat of the 19th century; £10,000 for an Iranian bowl, also from Kashan, dated 1200-1220; £8,200 for a Kirman blue-and-white bottle, 17th century; £8,000 for an Iranian lustre dish, Kashan; and £5,200 for a rare Mameluke arm guard, about 1500.

The exceptional prices are accounted for by the fact that most of the top items came from a single private collection. Persian buyers were much in evidence. The sale totalled £217,985.

Sotheby's extended its chain of provincial offices yet again yesterday when it announced the acquisition of Beresford Adams, of Chester. It will be known as Sotheby Beresford Adams, with sales continuing in the Beresford Adams saleroom until new premises in Booth Mansion are completed, some time in 1979. The property side of the Chester company will continue to operate independently.

At Christie's silhouettes, miniatures and objects of vertu sold for £53,720, and Japanese swords and sword fittings for £73,637. The top prices were in the first sale.

Keats, a German dealer, paid £2,800 for a Delhi polychrome ivory chess set. A pair of miniatures of Samuel Gurney and his wife Elizabeth by Thomas Richmond sold for £2,500.

Lead soldiers and models made high prices at Phillips Marylebone totalling £15,100.

A set of five Prussian hussars by Britain's sold to a private collector for £190 (estimate £80), averaging £38 each for figures which cost 2d each when issued after the First World War.

A lot of about 40 Dinky toys estimated at £200 went to a private collector for £400.

HOME NEWS

'Brain train' idea spreads

By Our Consumer Affairs Correspondent

FIRST-CLASS travellers remain aloof, but second-class passengers have shown enthusiasm for organised study groups on commuter trains.

A report on the first experimental year was published yesterday, coinciding with the launch of the third "brain train" study group on the 07.59 from Swindon to Paddington. This will be the first to take place on British Rail's new High-Speed Trains.

On Monday, commuters on this train were able—with British Rail's backing—to hold study sessions in a specially reserved coach, covering such subjects as French, business management, and antiques. The classes will be held twice a week and are free because the tutors are also commuters.

Two new clubs, the first of several, will be launched in the next week—on the 7.38 from Newbury to Paddington and the 7.14 from Oxford to Paddington.

Two clubs have been running successfully for the past year, on the 7.17 from Cambridge to Liverpool Street and the 7.55 from Brighton to Victoria.

The commuter study groups were the brain child of Lord Young and the Mutual Aid Centre he founded in 1977.

The centre helps any group seeking help on a co-operative project, especially in education and housing.

The commuter study club idea was based on the fact that about half of the 1m daily commuters on British Rail have a journey of at least one hour. It is estimated that commuters spend more than 5m man-hours a week on trains.

Lord Young and a social anthropologist from the centre, Pamela le Pelley, decided in early 1977 to gauge the support for a new, more constructive use of commuting time through organised study groups.

An initial survey on early morning trains from Cambridge to Liverpool Street found some 60 per cent of respondents keen to participate.

Very few first class passengers showed an interest, but up to a third of second class travellers did. Based on these surveys, Pamela le Pelley enlisted the support of British Rail and organised the commuters into various interest groups. British Rail co-operated by reserving a 64-seat coach with "study club" signs in the windows.

This first experiment last autumn proved a resounding success, in spite of the inevitable problems of a crowded train.

Encouraged by this, Pamela le Pelley and the centre attempted at the beginning of this year to launch another club on the same line but on an earlier train. This was not a success because the line was too crowded and so British Rail refused to help.

The report, "Go to work on a brain train" is available from the Mutual Aid Centre 18 Victoria Park Square London, E2, price £1.00 including postage.

Sainsbury supermarket for Norwich

Financial Times Reporter

J. SAINSBURY opened its newest large supermarket yesterday with a 22,500-sq ft store just outside Norwich.

The store has been built to fit in with the traditional Norfolk style of architecture, said to be a feature of the new estate on which it is located.

It has 320 parking spaces and a filling station selling cut-price petrol.

Other features are an in-store bakery; a loose fruit and vegetable display enabling customers to select their own produce or pre-packed alternatives; a freezer centre; an off-licence; and health-and-beauty aids.

Charter airline launched with Japanese backing

BY LYNTON McLAIN

AIR EUROPE, Britain's first new charter holiday airline since Laker Airways was formed in 1966, was launched yesterday on the back of contracts with Japanese finance companies for £30m worth of Boeing 737 aircraft.

The airline was formed by Mr. Harry Goodman, chairman of the UK package tour company Intasun.

Air Europe's existence will help meet an expected shortfall in charter aircraft capacity next year.

The travel group will fill 45 per cent of the 250,000 Air Europe seats available for return flights next year. It emerged yesterday that another company, Flagcraft, owned by Mr. Goodman, was the principal shareholder in the new airline, with 80 per cent of the equity. Mr. Goodman is also chairman of Air Europe.

The remaining 20 per cent is held by Airline Management Associates, owned by Mr. Martin O'Regan, former finance director of Davies and Newman Holdings, the parent company of Dan-Air Services, and Mr. Errol Cossey, a former associate director of Dan-Air.

Mr. Cossey had to negotiate himself out of a one-year period of notice with Dan-Air, but he said yesterday that his parting and that of Mr. O'Regan had been "reasonably amicable." Mr. O'Regan is Air Europe's chief executive.

Mr. Cossey said that Boeing had been sceptical at first about Mr. Goodman's early requests to buy £30m worth of aircraft. Intasun having made a pre-tax profit of £1.1m in the year ending March 31—with a forecast of £3m for this financial year. But Mr. Goodman persisted and began talks with C-Itoh and the Marubeni Corporation of Japan to finance the purchases.

Details were finally agreed after DLT, a West German domestic airline, failed to take up options on three £6m Boeing 737 aircraft. The two Japanese companies bought the aircraft and Air Europe will operate them under two separate financial arrangements.

The first two aircraft, to be delivered in March and May, will be offered under a hire purchase agreement. The third 737, for delivery in June next year, will be financed through an *aircraft mortgage*.

All three aircraft will become the property of Intasun after nine or ten years. Air Europe, through the Japanese finance houses, has options on two more 737s for delivery in the spring of 1980.

The first flights of the 130-seat aircraft under Air Europe livery, will take place in May. Contracts have already been agreed with British Airways Enterprise Holidays, Exchange Travel, Inghams, Swans, OSL, Pontinental and Carousel.

The airline will fly to 29 holiday destinations in Spain and the Canary Islands, Portugal and Madeira, Italy, Greece, Malta, Gibraltar, Switzerland and Germany.

All flights will leave from Gatwick and, in the first year, the airline expects to turn over £10m. The airline has started recruiting 200 staff, including 40 pilots and 80 cabin staff.

Glen Grove

Mr. Errol Cossey (left) commercial director, and Mr. Martin O'Regan, chief executive of Air Europe, the new charter airline.

Shawcross attacks Labour's legal proposals for Press

BY JAMES McDONALD

It is lamentable that the trade unions, with their great financial resources, skills and large captive readership have never produced a newspaper which anyone was anxious to read. This was demonstrated only recently in Scotland, Lord Shawcross, former chairman of the Press Council, said in London last night.

He told the Media Society, at the National Liberal Club, that the Press was no longer the "fourth estate."

Politicians are, as a class, not fond of the Press. Juries are sometimes hostile as they show by their verdicts.

"Legal controls over newspapers exist in other countries. They have been seriously put forward here as part of the official policy of the Labour Party, who propose a system of 'democratic accountability.'

"It is certain that that will not be democratic in the sense in which that word was understood before it became part of the Left wing's 'double-speak' vocabulary."

While striving to increase circulation—as they must in these inflationary days—editors must also strive to maintain high standards of ethics and responsibility "to avoid giving those who would readily seize upon it any excuse for legislative interference with the Press."

Lord Shawcross said: "The standard of accuracy in reporting of news is high and here, certainly, Press Council decisions reprobating inaccurate reporting have had influence."

Bias in reporting or commenting on political matters was also much less than it was.

This was due partly to the Press Council, which has said that while criticism was permissible in comment, correctness was essential in reporting.

"It was also partly the result of fewer newspaper proprietors being concerned with securing personal political power.

However, there were four fields where he was not sure there had been an improvement: "sensationalism, violence, sex and trivia."

Freeson sees problems in home improvements

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE TREND towards home improvement in preference to demolition and new building should not be allowed to go too far, Mr. Reg Freeson, Minister of Housing and Construction, said yesterday.

Mr. Freeson told the Institute of Municipal Building Management in Bournemouth that he wondered whether, in moving away from the large slum clearance programmes, too much of the old housing stock was being retained.

"I am bound to say that some of the cases which I see cause some concern about the way we are approaching rehabilitation

"There will always be a choice between clearance and rehabilitation and the answer depends in part on the standards to which improvement work is done and the length of extra life we are aiming at.

"Here is a problem. If we insisted on full improvement to modern standards and a 30-year life then clearly we would have to select which houses to improve very carefully.

"If, however, we refused to clear any house until it is practically collapsing, improvement resources would be spread so thinly that houses would be coming round for second helpings within a very few years.

"Both these extremes are uneconomic and *impractical*. What we are looking for is a properly designed mix of clearance, provision of basic amenities and short-life repairs for houses likely to be cleared in the next 10 years or so and full improvement, up to the 30-year standard, for the houses which justify it."

Any attempt at wholesale redevelopment would be defeated by the scale of the task. There were about 6m houses over 60 years old and nearly 2m over 100 years old. They accounted for about 40 per cent of housing stock and could not logistically be replaced in the short term,

Poison scare closes supply

A SECOND borehole which supplies water to thousands of homes has been closed because of the poison chemical scare in south Lincolnshire.

The Anglian Water Authority said the closure was a precaution after the leakage of the poisonous chemical paraquat during a farm fire near Bourne earlier this week.

An industrial scientist with an expert knowledge of dangerous chemicals, has been called in to check water supplies in the area.

Potential danger sites registered

By Michael Cassell, Building Correspondent

THE FIRST register of buildings which could pose a danger to workmen during alterations or demolition is being compiled by the Corporation of the City of London.

The register will list details of buildings in the City containing pre-stressed or post-tensioned concrete, a construction technique used extensively in the last 20 to 30 years.

Mr. Norman Harding, chairman of the corporation's planning and communications committee, said: "It is overstating the danger to say that a building will collapse like a pack of cards if a principal member is removed during alterations, but it is certainly true to say that large forces are locked up in these buildings and releasing them could cause damage and injury to anyone who got in the way."

Campaign

Discussion on the need for registers of buildings constructed with pre-stressed concrete sections have been taking place for some time, with concern based on the potential damage *caused by disintegrating* concrete. The talks have involved the Department of the Environment, the British Standards Institute, the Health and Safety at Work Executive, the Greater London Council and the City engineer of the Corporation of London.

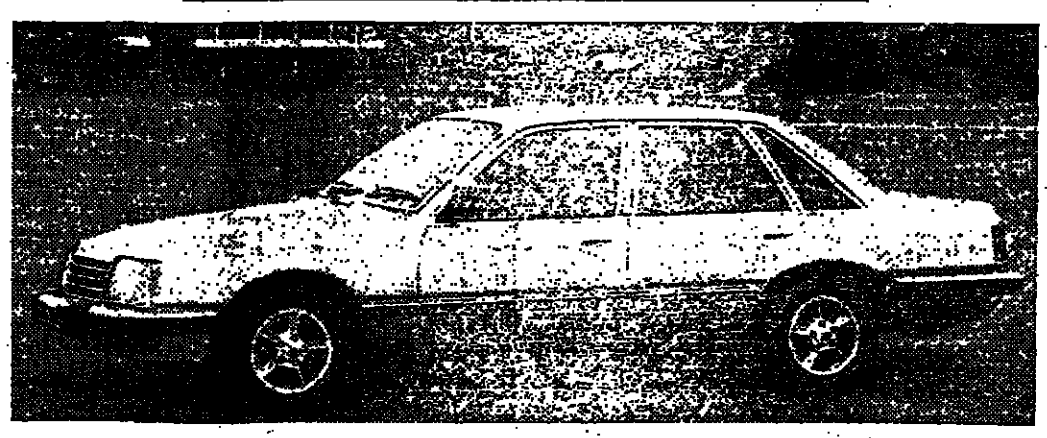
Following a protracted campaign by the City and a meeting between technical officers of the City and the GLC, the register is to begin at once, although it is being emphasised that it could not be fully retrospective as much of the early information on the material content of buildings is not available.

Mr. Harding added: "This register is a start and we hope other authorities will follow our lead and tackle this problem. A return to traditional building methods is under way at present and fewer buildings with pre-stressed components are being built, but the problem arises not from new buildings but from those which may not be more than 20 or 30 years old but which no longer fulfil the needs of their occupiers, who may be encouraged to alter, extend or demolish them."

BP and Plenty form company

BRITISH PETROLEUM and Booker McConnell's Plenty Group have established a jointly owned company, specialising in the boosting of oil and gas output through injection of water into on and offshore reservoirs.

The company, Oil Plus, based at Newbury, Berkshire, will also provide consultancy, core sampling and testing chemical and biological analyses of water, and other facilities.



The Royale will take Vauxhall into the executive market.

Vauxhall in executive 'class'

BY KENNETH GOODING

THE rapidly-growing integration of General Motors' European subsidiaries, Vauxhall in the UK and Opel in West Germany, is demonstrated today with the launch of two new cars. Both bear the Vauxhall badge.

The new cars—the Carlton, which replaces the VX range, and the Royale, which takes Vauxhall into the executive car market for the first time—rely heavily on Opel.

The Royale, described by Vauxhall as the "flagship" of its fleet, will be assembled in West Germany. In doing this GM is following Ford which brings in its flagship model, the Granada, from West Germany.

The policy of using Opel in Germany as design and engineering centre of its European cars, has therefore been pushed further than before.

It has caused some despondency at Vauxhall's Luton headquarters and the gloom has not been noticeably relieved by GM's use of the UK as its truck design centre for Europe.

The Carlton, which mechanically is the Opel Rekord, will be assembled at Luton. Vauxhall says £8.5m has been invested to bring the model on stream. This shows the large financial benefits of GM's Europeanisation policy. It would have cost Vauxhall well over £100m to bring a new car of its own to the market.

The front of the Carlton has the "droop snoot" design trend which began with the Chevette and was followed by the Cavalier. The other body panels are identical to that of the Rekord.

Prices of the Carlton will be £4,600 for the saloon and £5,068 for the estate. Vauxhall's marketing director Mr. Des Savage says the group expects to sell 1,200 Carltons a month next year, or 14,400 a year, double the rate of VX sales.

The model will also be exported to Europe from Luton.

Vauxhall hopes that sales of the new Royale will reach 300 a month or 3,600 a year, when they build up next year.

The Royale saloon is the Opel Senator, also introduced to the UK market this month, with a "droop snoot" to distinguish it as a Vauxhall; and the Royale coupé is the Opel Monza in its British disguise.

It is the first time that dealers have had such high-priced Vauxhalls. The saloon costs £7,956 and the coupé £8,248.

Vauxhall sees the Royale as a major rival for executive cars such as the Rover, Jaguar, the top-of-the-range Ford Granadas and, optimistically, even some BMWs and Mercedes.

The introduction of the Carlton and the Royale means that the whole of the Vauxhall range has been revamped since 1975. The changes could not have been made so rapidly without the link with Opel.

In 1975 Vauxhall's models covered only half the market. The Carlton and the Royale, following the Chevette and the Cavalier, gives the group 80 per cent coverage.

Only the "mini" end of the market is not covered by GM in Europe but the industry expects a new small car from Opel before long.

Mr. Savage believes the new up-market cars will push Vauxhall's share of total car registrations well above 10 per cent next year. In 1976 it had a 7 per cent share and last year 9 per cent. In this year supplies have been badly hit by industrial disputes. Vauxhall's market share was 7.99 per cent after nine months compared with 9.22 per cent at the same stage last year.

The company goes into 1979 with a market coverage which should bring it more business from fleet buyers. According to Mr. Savage, more than 70 per cent of new car sales are to fleet operators or company buyers.

● ALFA ROMEO, the State-owned Italian group, has set itself a target of increasing sales in the UK by 23 per cent next year to about 16,000 cars.

This year the company is looking for a rise to 13,000 cars, from 8,000 last year.

Alfa's sales in the UK have increased by nearly 700 per cent in the past five years following the introduction of the Alfasud range, built at the company's Naples plant.

At the International Motor Show in Birmingham this month Alfa will show a faster and improved specification Alfetta saloon—the Alfetta 2000L.

● ASTON MARTIN yesterday launched a revised version of its V8 range at about 12 per cent above previous prices.

The new version of the V8 marks the end of the improvement programme begun after the company changed hands in 1975 when it was close to financial collapse.

In the UK, which takes about one-third of the output from Aston's Newport Pagnall plant, the prices will be £22,998 for the automatic, £23,999 for the manual, and £25,998 for the V8 Vantage.

Car disputes put jobs at risk says CBI chief

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

INDUSTRIAL disruption in the car industry is putting the long-term employment prospects of thousands of people at risk Mr. John Greenborough, president of the Confederation of British Industry, said yesterday.

He chose CBI's West Midlands region annual lunch to detail the implications of strikes. It was not just the jobs of people at BL, formerly British Leyland, and Chrysler that were being put in danger, but also those of the component manufacturers and dependent suppliers.

"Each stoppage, each walk-out, work-to-rule, damages the industry's ability to compete in world markets. Long delivery dates, high prices and poor quality do not sell cars—they cost jobs."

It was important to improve public understanding about relationship between employment and industry. Responsibility and discipline had to be left to the factories and not taken over by the State.

"The Government itself must be seen to be resolute, both as the largest employer and as financial manager, since it provides an influential and disciplined framework," Mr. Greenborough said.

More businesses fail in third quarter

BY MAURICE SAMUELSON

BUSINESS FAILURES notified to Trade Indemnity, the credit insurance underwriting company rose in the third quarter from 340 to 359 after a fall in the second quarter. However, they remained substantially below the 513 failures notified in the same period of last year.

All the main trades other than engineering and metals had more failures between the second and third quarters of this year, while remaining below last year's level.

Over the first nine months trades improved, and there was a particularly sharp fall in failures at the retail and wholesale end of the clothing and furniture trades.

Trade Indemnity's figures refer to its policy holders' irrecoverable debts and failures. In the first nine months of this year, its failures in building and construction [illegible] textile and clothing [illegible] engineering and metals [illegible] furniture and upholstery 148 [illegible]

Computer staff crisis

BY OUR NEWCASTLE CORRESPONDENT

ATTRACTIVE pay and fringe benefits offered by private industry to senior computer workers are causing a staff crisis at Northumberland County Council.

County treasurer, Mr. Roy Wolstenholme, said the problem was so acute that computer work for the area's six district authorities was running at a quarter of the planned rate.

He told the council's finance sub-committee that new projects were being postponed indefinitely. This was seriously affecting the plans of district councils which wanted to use computer facilities more extensively.

Staff turnover was almost 25 per cent a year, mainly because of the ability of private firms to offer higher salaries and attractive fringe benefits.

"Unless something is done to stabilise the position, the maintenance of the county's computer projects will be at risk. The remaining senior staff are having to involve themselves more with the work of people who leave and also [illegible] trainees."

Steel plant for Deeside

BY OUR WELSH CORRESPONDENT

THE WELSH Development Agency's new Deeside industrial park, near Shotton, North Wales, has won its first customer.

A new company, Deeside Fabrications Services has agreed to take over any advance factory on the park to design, make and erect steel work for industrial buildings.

The agency is investing more than £2m in a factory building programme at the 375-acre site along the River Dee estuary, most of which is land formerly owned by the nearby BSC Shotton steelworks.

Under the first [illegible] development, the [illegible] building 17 advance [illegible] four of which have [illegible] completed.

Sir David Davies, [illegible] yesterday described the [illegible] an essential element [illegible] agency's strategy for [illegible] new jobs to North [illegible] He said that the agency [illegible] encouraged by the [illegible] inquiries it was receiving [illegible] prospective tenants.

Deeside Fabrications will employ 15 people [illegible] but hopes to provide 40 jobs [illegible] the next three years.

£3m services ordered in hospital rebuilding

ANDREWS-WEATHERFOIL, part of the Powell Duffryn Group, has been awarded at £3m contract to provide mechanical services for the new Stafford District General Hospital. This phase of the hospital, costing about £11m, will have about 300 beds, an intensive care unit, five operating theatres, and full supporting services. The initial building work, when completed, will be the first stage of a 900-bed hospital which is intended eventually to replace most of the existing hospital facilities in mid-Staffordshire. Main contractors are Fairclough Building, of Swinton, Manchester.

Andrews-Weatherfoil also has a contract worth more than £600,000 for modification of mechanical services and air-conditioning at 110-114 Cannon Street, London, EC4, which is to be occupied by the Midland Bank international division. Builders are Holloway White Allom.

★

An order worth £750,000 for 150 prefabricated bungalows for holiday accommodation in Spain, has been given to INTERNATIONAL SYSTEM BUILDINGS, of Wyllie, Gwent. The purchasers are Laird and Co., of London, the site developers.

★

A contract worth about £196,000 has been awarded to BRAMALL AND OGDEN, of Mexborough, for an extension of 20,000 sq ft to treble the size of the existing factory of the Schwitzer division of Wallace Murray at Euroway Industrial Estate, Bradford.

★

Autonumeric, of High Wycombe, Bucks., has placed an order worth more than £100,000 with the electronic systems division of CINCINNATI MILACRON for ten numerical control systems.

★

N.B.A. CONTROLS, of Farnborough, Hants., has received an order from Wimpey Laboratories for 17 DNC 2B self-recording current meters to a total value of £55,000.

★

A. H. McINTOSH is exporting a consignment of bedroom furniture worth £44,000 from the company's subsidiary factory, Beithcraft, Ayrshire, to Bahrain during the next two weeks.

★

To meet new standards on paint specification for Chieftain tanks, the Ministry of Defence has placed a contract with the industrial finishing division of CARRIER ENGINEERING, Solihull, for the design and installation of a new tank [illegible] turrent painting facility [illegible] more than £100,000, [illegible] Ordnance Factory, [illegible] applying infra-red heat [illegible] force-dry painted surfaces [illegible] new plant is expected to [illegible] the present overall drying [illegible] on both hulls and turrets [illegible] least 50 per cent.

★

Glazing contracts [illegible] than £300,000 have been [illegible] to branches within the [illegible] division of JAMES CLARK EATON. Largest order [illegible] £50,000, is for glazing and architectural aluminium entrance [illegible] the magistrates' court [illegible] Plymouth.

★

CLUGSTON CONSTRUCTION [illegible] started work on a contract [illegible] about £600,000 awarded [illegible] British Steel Corporation [illegible] new single storey build[illegible] be built at [illegible] Scunthorpe and form [illegible] stores for the coke oven [illegible] The company also has [illegible] worth around £40,000 from [illegible] Biscuits factory, Grimsby.

★

UBM HILLS WINDOWS [illegible] orders totalling £2.3m [illegible] tracts calling for [illegible] manufacture and installation [illegible] aluminium frame windows [illegible] for Liverpool Crown [illegible] Aragon Court for [illegible] Development Corporation [illegible] Street—Development [illegible] and the new IBM [illegible] Havant.

★

DUNLOP OIL AND MARINE [illegible] sion has an order from [illegible] Europe for its floating [illegible] hose, 22 lengths of 24 in [illegible] Safiote and six lengths of [illegible] Selfiote rail hose [illegible] Occidental's Scapa Flow [illegible] in the Orkneys.

★

COSSOR ELECTRONICS [illegible] contract to supply [illegible] paration, despatching [illegible] ing terminals [illegible] range for the British Army [illegible] claimed that these [illegible] vide new concept in [illegible] munication systems [illegible] sages can be edited [illegible] and then transmitted [illegible] and forward basis with [illegible] gree of accuracy and [illegible] confidence. Compu[illegible] panel display, file [illegible] storage for [illegible] ing messages, [illegible] unique preview [illegible] board—the latter allowing [illegible] the terminal in complete [illegible] ness and with gloved hands.

حكما من الأصل

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733i: 3.3 litres, 197 bhp, 0–60 in 8.9 secs, max 128 mph.

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Prior outlines employment strategy

Conference reports by Ivor Owen, John Hunt, Philip Rawstorne and Elinor Goodman

Picture by Freddie Mansfield

THE NEXT Conservative Government will introduce a more flexible pay policy to encourage "realistic and responsible collective bargaining," Mr. James Prior, Opposition employment spokesman, told delegates at the conference's opening session.

"After three years, the time has come for greater flexibility. Certainly, a rigid pay policy, statutory or imposed, is not the answer."

In a low-key debate on employment and industrial relations, the greatest applause went to Mr. Reg Prentice the Newham North-East MP who resigned from the Labour Cabinet and now sits as a Conservative.

He said the unions would have a better relationship with Mrs. Margaret Thatcher, the Conservative leader, than with the present Labour Government.

The object of the Tory Party, he said, should be to secure a divorce between the Labour Party and the trade unions.

Some rank and file speakers expressed misgivings about the Conservative policy on industrial relations.

Mr. Fred Hardman, of the National Committee of Conservative Trade Unionists, complained that some Tory leaders on the platform still seemed to favour government intervention in industry. He reminded them that there were not many interventionists amongst the constituency representatives in the hall.

By an overwhelming majority, the conference approved a resolution condemning the present Government's handling of unemployment and calling on the next Conservative Government to implement a policy to find urgent and effective solutions.

Opposing the motion Mr. Richard Vanbergen of the Neath constituency party wanted to know exactly what Mr. Prior's policy would be on industrial relations.

Was he merely going to have a "cosy relationship" with the unions or would he introduce radical Conservative policies to reduce unemployment?

Mr. Prior said that the main question facing a Conservative government would be how to get the balance right on pay, jobs and prices. He emphasised that he opposed those who thought that the free market economy was the only remedy.

"I sometimes envy those whose faith is totally in the free market or in the socialist economy," he declared. "For them, the solutions are easy."

Successive governments had ignored the fact that one man's pay rise was another man's price increase—and possibly also the end of that man's job. The money had been paid out and this had become a self-generating process.

The appeasement of militants had undermined pay bargainers who had tried to maintain the fabric of industry for the future.

As a result, Britain had been relogated from near the top of the league table of European prosperity to close to the bottom. Britain's "boomlet" was running out of steam and yet the country still had nearly 1.5m unemployed.

The militants had better think hard where their irresponsibility had led and where it could lead if their attitude persisted.

"The aim of the next Conservative government will be to lead Britain away from the damaging cycle of strict pay limits followed by periods of excessive leap-frogging settlements. This vicious circle has soured industrial relations and held us all back."

Mr. Prior also attacked the "hoary old myth" that only a Labour government could work with the unions. The truth was that the unions worked with both parties and sometimes with neither.

"This smear brought out on every conceivable occasion was supposedly Labour's secret weapon. Well, it has blown up in their faces."

He complained that a whole new bureaucracy had grown up in the past three years to control Government job creation schemes.

"We need to simplify it to make certain that resources go to new expanding industries and new jobs rather than to the preservation of the outdated and decaying."

The success of past Conservative governments had been based on the principle that high public spending killed growth, high taxation killed incentives and too many rules and regulations stifled enterprise.

The next Conservative government would let people keep more of what they earned and would tax true profits, not paper gains.

Mrs. Thatcher, the Tory leader, relaxing in Brighton.

Asians 'support Tory race policy'

GROWING SUPPORT for Conservative immigration policies in Britain and on the Indian subcontinent was claimed by Mr. Keith Speed, a Conservative spokesman on home affairs.

Reporting on a recent visit to India and Bangladesh, he declared: "I return more convinced than ever that our policies are right, necessary and workable."

But he faced strong criticism from some representatives who called for a firm pledge to repeal the Race Relations Act and for a more definite commitment on the time scale envisaged by the party leadership in implementing its proposals for ending immigration.

A number of hands were raised against a motion rejecting the evil of racism and condemning the National Front, but it was carried by a substantial majority.

Mr. Speed stated that, during his visit to India and Bangladesh, the only opposition to Conservative policies which he had encountered and which had any substance came from the vast army of travel agents in Jullundur in the Punjab and Sylhet in Bangladesh.

He reaffirmed that the next Conservative Government would introduce a non-discriminating register of dependents so that the Government could establish the precise commitment involved.

Steps would also be taken to institute "across-the-board" quotas for immigrants from all countries, except the EEC, into the UK.

"This will give Government control, year by year, which we have never had before," Mr. Speed said.

He also renewed the promise to end special concessions to husbands and male fiances now able to join girls living in Britain and who, having once settled, could bring in many more of their own relations from their home country.

He had seen for himself while in Delhi and Bombay that the concessions introduced in June 1974 were being widely abused.

There were cheers when he reaffirmed that a Conservative Home Secretary would institute a major crack-down on illegal immigration.

There would be no more amnesties for illegal immigrants

He claimed that Conservative immigration poicies constituted a fair and comprehensive package of measures that would enable Conservative Ministers — "over a period of time" — to discharge the obligation to bring about an end to immigration on the scale seen in the post-war years.

While condemning the National Front, Mr. Speed insisted that the Anti-Nazi League was not some cosy umbrella under which all could gather who were affronted by the evils of racism.

"Rather, it is yet another far Left organisation whose key members will smash the Conservative Party and free speech and free enterprise given half the chance."

The pledge to end the special concession permitting fiances to join their intended brides in Britain was strongly endorsed by Mrs. Shreela Flather from Maidenhead, the only Asian woman councillor in Britain.

Amid cheers, she declared: "In some cases, this bringing in of fiances is openly accepted as an immigration loophole."

Walker's salvage formula

DISILLUSIONED Labour voters will need to be offered more than the cold comforts of free enterprise if they are to be lured into the Tory camp, warned Mr. Peter Walker, the former Cabinet Minister and unrepentent interventionist.

For Mrs. Thatcher's eminently sensible bid for the middle ground politics to be successful, the party would have to demonstrate its concern for freedom of the individual in its widest sense, and not just the freedom of the market economy, he said.

Even the best quotes from Milton Friedman did not win many votes, he said in one of a series of thinly disguised digs at the party's Right-wing.

Mr. Walker is now formally reconciled with Mrs. Thatcher but his speech to a fringe meeting of the Left-wing Tory Reform Group, of which he is patron, he made it clear that he is sill far from agreeing with some of his leader's policies and even further from those of her special adviser, Sir Keith Joseph. He repeated his belief that as long as the trade unions continued to outbid each other for higher and higher wages, the Government had a role to play in pay bargaining.

He also reaffirmed his belief that companies would not go far enough towards introducing worker participation unless they were forced to by law. A statute should be introduced offering companies 10 or 12 options on how to involve their workers more closely in Boardroom decisions. They would then be given four years to decide which options to adopt.

Very little sound, even less fury

BY ELINOR GOODMAN

THE BEST that even Mr. James Prior, the shadow Employment Secretary, could say about yesterday's employment debate was that it had been quiet and useful.

Quiet, certainly. The malfunctioning sound system guaranteed that for those sitting at the back of the hall. Useful, possibly, as a very gentle warm-up for what could be a long drawn-out race.

Somehow the speakers never seemed to get their blood up. It was as if they were inhibited from being really beastly by the atmosphere of good-neighbourliness created by the church service which began the proceedings.

Not that the representatives seemed to mind too much. For many of them, conference is the annual re-affirmation of their faith and merely being surrounded by like-minded people seems enough to justify the trip to Brighton.

As befits such an evangelical meeting, the warmest ovation yesterday was for the newest convert, Mr. Reg Prentice, the member for Newham North East who is now doing the rounds of the Tory selection committees.

Though it was not quite clear whether the hisses which appeared to greet him when he went to the rostrum were hostile or merely the long drawn-out sibilants involved in the cry "Give him a seat," Mr. Prentice seemed to have been given all the best lines.

It was he who introduced the subject of the closed shop and called for a divorce of the trade unions from politics.

It was not quite clear whether he was for or against the motion of the floor but then, that was true of most of the speakers and when he left the rostrum a few representatives were seen tentatively climbing to their seats.

Mr. Prentice was not the only ghost of the Labour Party at Brighton yesterday. At least one speaker had a go at imitating the Prime Minister's musical turn on the same platform a month ago.

And Mr. Prior directly invoked Mr. Callaghan's presence by appealing to him: "Jim to Jim"

He did not however, savage the Labour Government's policies with the kind of invective which might have been expected after last week's events in Blackpool.

Only a student of Mr. Prior's own particular brand of moderation would know that he really was using very strong language when he described the Employment Protection Act as: "ill-named, ill-prepared and, in part, objectionable."

The Conservatives did have one potent propaganda weapon in their armoury yesterday. Once again the Tories produced a representative of the Cons West Indian Association who made the average Tory lady's loyalty look positively suspect.

So great was his enthusiasm that he was still extolling the party's virtues long after the red light cameon.

Elections 'clash' warning

LABOUR COULD hold the general election at almost the same time as the European Assembly poll, to cause "confusion" and snatch victory, Lord Thorneycroft, Tory Party chairmain, said in his speech to launch the party conference. "Plainly, we are going to form the next government. Equally plainly, some desperate problems will by then await us. It is important that in our conduct and in the manner of our winning we minimise the bitterness and maximise the unity within the nation.

"We speak and must continue to speak for the whole nation and not just a part of it.

"The referendums in Scotland and Wales apart, there will be local elections of great importance, an election for Europe and the general election as well.

"There is a rumour that the Labour Party regards as its best chance the creation of the maximum confusion. It hopes to holds the European and general elections virtually together.

"They are indeed quite capable of this and almost any other ploy."

Lord Thorneycroft told the conference: "We do not promise Utopia.

"We do seek to create a world in which men and women will be freer than they are today to find their own solutions, in which management and labour can work together, in which production can be raised to levels achieved by our competitors abroad, in which skills can be rewarded."

Talking points . . .

BY JOHN HUNT

THE CONFERENCE bulletin put out daily by the National Young Conservatives contains "spoof" suggestions for speakers in the debates.

Among their tips:

- Make your personal contribution or the contribution supplied for you by Conservative Central Office.
- Do not indulge in generalities or specifics. Confine yourself to cliches and homespun philosophy.
- Those stuck for policy points should look at the conference report of 1907 — "We're probably still saying the same things."
- It would be helpful if speakers would remove their brains before going to the rostrum.

London Clearing Banks' balances

as at September 20, 1978

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all the banking sectors subject to credit control. Minor differences here arise from the exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1. AGGREGATE BALANCES

	Total outstanding £m	Total outstanding £m	Change on month £m	Change on month £m
LIABILITIES				
Sterling deposits:				
U.K. banking sector	5,018		−166	
U.K. private sector	27,435		+391	
U.K. public sector	611		+128	
Overseas residents	2,302		+ 31	
Certificates of deposit	2,125		−169	
		37,521		+215
of which: Sight		15,851		+ 10
Time (inc. CD's)		21,671		+205
Foreign currency deposits:				
U.K. banking sector	4,017		+ 13	
Other U.K. residents	1,018		− 19	
Overseas residents	11,203		+287	
Certificates of deposit	1,050		− 26	
		17,288		+255
Total deposits		54,810		+470
Other liabilities*		9,254		+ 75
TOTAL LIABILITIES		64,063		+545
ASSETS				
Sterling				
Cash and balances with Bank of England		1,134		− 51
Market loans:				
Discount market	2,190		−130	
U.K. banks	6,505		+100	
Certificates of deposit	1,047		+114	
Local authorities	1,014		− 26	
Other	324		− 9	
		11,080		+ 41

	Total outstanding £m	Total outstanding £m	Change on month £m	Change on month £m
Bills:				
Treasury bills	498		+209	
Other bills	798		− 77	
		1,296		+132
Special deposits with Bank of England		376		+270
Investments:				
British Government stocks	2,162		− 79	
Other	1,403		− 27	
		3,565		−106
Advances:				
U.K. private sector	19,164		−175	
U.K. public sector	187		+ 16	
Overseas residents	3,167		− 81	
		22,519		−240
Other sterling assets*		5,622		+245
Foreign currencies				
Market loans:				
U.K. banks and discount market	3,754		+118	
Certificates of deposit	234		− 14	
Other	7,223		+ 75	
		11,211		+179
Bills		53		+ 2
Advances:				
U.K. private sector	2,049		− 84	
U.K. public sector	1,002		+ 6	
Overseas residents	3,183		+ 39	
		6,234		− 40
Other foreign currency assets*		974		+111
TOTAL ASSETS		64,063		+545
Acceptances		315		− 2

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m.	TOTAL Change on month £m.	BARCLAYS Outstanding £m.	BARCLAYS Change on month £m.	LLOYDS Outstanding £m.	LLOYDS Change on month £m.	MIDLAND Outstanding £m.	MIDLAND Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	NATIONAL WESTMINSTER Change on month £m.	WILLIAMS & GLYN'S Outstanding £m.	WILLIAMS & GLYN'S Change on month £m.
LIABILITIES												
Total deposits	54,810	+470	14,791	− 98	10,250	+177	11,534	+229	16,512	+191	1,723	− 29
ASSETS												
Cash and balances with Bank of England	1,134	− 51	341	+ 5	205	+ 7	245	− 29	311	− 24	33	− 9
Market loans:												
U.K. banks and discount market	12,449	+ 79	2,947	− 25	2,756	+ 63	2,147	+ 53	4,250	− 33	349	+ 21
Other	9,842	+140	2,848	+ 38	2,603	+ 37	1,376	− 55	2,751	+142	265	+ 21
Bills	1,348	+134	279	+ 24	134	+ 21	515	+ 81	399	+ 36	20	+ 28
Special deposits with Bank of England	376	+270	124	+ 85	40	+ 36	88	+ 63	111	+ 78	13	+ 9
British Government stocks	2,163	− 79	422	−103	436	—	418	—	756	+ 9	129	+ 15
Advances	28,753	−279	8,359	− 94	4,248	− 46	6,772	− 52	8,383	− 71	991	− 16

TABLE 3. CREDIT CONTROL INFORMATION (Parent banks only)

	TOTAL Outstanding	TOTAL Change	BARCLAYS Outstanding	BARCLAYS Change	LLOYDS Outstanding	LLOYDS Change	MIDLAND Outstanding	MIDLAND Change	NATIONAL WESTMINSTER Outstanding	NATIONAL WESTMINSTER Change	WILLIAMS & GLYN'S Outstanding	WILLIAMS & GLYN'S Change
Eligible liabilities	24,700	−137	7,624	—	3,770	+ 14	5,910	−177	6,523	+ 14	873	+ 12
Reserve assets	3,235	− 29	980	+ 3	514	− 1	786	− 39	837	+ 3	118	+ 5
Reserve ratio (%)	13.1	—	12.8	—	13.6	− 0.1	13.3	− 0.3	12.8	—	13.3	+ 0.3

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)

ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS, AND SPECIAL DEPOSITS

1—Banks

	Sept. 20, 1978 £m	Change on month £m
Eligible liabilitie		
UK banks		
London clearing banks	24,843	−138
Scottish clearing banks	2,654	+ 13
Northern Ireland banks	865	+ 17
Accepting houses	1,904	+ 52
Other	6,197	+ 54
Overseas banks		
American banks	3,830	+ 80
Japanese bank	285	+ 11
Other overseas banks	2,722	+ 8
Consortium banks	219	+ 9
Total eligible liabilities*	43,518	+116
Reserve assets		
UK banks		
London clearing banks	3,255	− 29
Scottish clearing banks	352	+ 1
Northern Ireland banks	124	—
Accepting houses	278	+ 12
Other	819	− 14
Overseas banks		
American banks	511	+ 6
Japanese bank	41	+ 2
Other oversea banks	404	− 25
Consortium banks	40	− 2
Total reserve assets	5,827	− 45
Constitution of total reserve assets		
Balances with Bank of England	363	− 27
Money at call:		
Discount market	2,997	−253
Other	222	− 12
Tax reserve certificates	—	—
UK, Northern Ireland Treasury Bills	944	+314
Other bills:		
Local authority	133	+ 38
Commercial	782	+ 8
British Government stocks with one year or less to final maturity	386	−113
Other	—	—
Total reserve assets	5,827	− 45
Ratios %		
UK banks		
London clearing banks	13.1	—
Scottish clearing banks	13.3	—
Northern Ireland banks	14.4	− 0.2
Accepting houses	14.6	+ 0.2
Other	13.2	− 0.4
Overseas banks		
American banks	13.3	− 0.2
Japanese banks	14.5	+ 0.1
Other overseas banks	14.8	− 1.0
Consortium banks	18.4	− 2.4
Combined ratio	13.4	− 0.1
	£m	£m
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	501	+ 45
3—Finance houses		
Eligible liabilities	361	+ 16
Reserve assets	37.0	+ 1.9
Ratio (%)	10.2	—

Special deposits at September 20 were £634m (up £403m) for banks and £7m (up £4m) for finance houses. * Interest-bearing eligible liabilities were £28,151m (down £120m).

LABOUR NEWS

'Breakdown' report by union in Daily Telegraph dispute

BY PAULINE CLARK, LABOUR STAFF

PROSPECTS for an early end to the printers' dispute which has halted production of the London editions of the Daily Telegraph since last Wednesday faded yesterday after union leaders talks.

The management said last night that it was still hoping for a resumption of talks with regional officials of the National Graphical Association whose recommendation for the dispute to be made official was accepted by national leaders on Monday.

The dispute originally affected only a small section of NGA members who were demanding negotiations on a claim for extra pay for operating telephoto equipment — a system which transmits pictures and City prices between the London and Manchester printing houses.

It spread to involve most of the NGA composing, reading and wire room a week ago when the management stopped their pay for taking industrial action in support of the telephoto equipment operators.

The management said at the weekend that the loss of production was "tragic and costly," adding that the dispute had intensified to raise issues which could not be lightly put aside by management of a national newspaper.

Mr. William Booroff, NGA London regional secretary, indicated yesterday that relations had soured against the background of a fundamental disagreement between print unions and managements of Fleet Street newspapers.

The Daily Telegraph was in a similar position to The Times newspaper group, where union officials believed that it was up to managements' to sort out industrial relations problems with their own union chapels, said Mr. Booroff.

The Times has given a warning that it will suspend publication of all its papers from November 30 if there is no agreement with national print union leaders on reform of its industrial relations procedures.

Mr. Booroff claimed that the Daily Telegraph management had rejected a five-point plan presented by the union as a basis for a return to work. This included agreement by both sides to try to honour disputes procedures, and an agreement on early talks between management the Newspaper Publishers Association and himself on an improved industrial relations structure.

The proposal provided for payment of NGA members for work last Thursday and Friday night, but not for the following days when staff were absent, and satis factory payment for extra working in catching up with lost production.

Mr. Booroff pointed out that the proposal showed that officials of the union were prepared to help with industrial relations procedures. But, he added, "We are not prepared to act as policemen in disputes which should be sorted out by management and their own employees."

Expect 20% increase firemen are told

BY OUR LABOUR STAFF

FIREMEN were told at their annual union conference in Bridlington yesterday to expect a 20 per cent pay rise this year as a result of the settlement reached at the end of their strike last winter.

In a move apparently designed to ward off any spontaneous militancy over delays in implementing the 42 hour week, leaders of the Fire Brigades Union made it clear in a circular to delegates that the Government's 5 per cent policy would not impinge on their special pay guarantees.

The firemen have threatened to take their shorter working week in November whether or not arrangements for the cut from the present 48 hours have been agreed with local authority employers.

An executive recommendation to put off the decision until a recalled conference on November 29 to allow further negotiations to take place is expected to be supported by the 200 delegates—although they over-ruled their executive on strike action last year.

Firemens' leaders last week expressed concern that there would be nothing concrete to offer to this week's conference in terms of either the 42 hour week or pay.

Under last winter's settlement, the firemen will this year receive half of the differential existing at that time at the upper quartile of skilled manual workers—the earnings level three-quarters up the scale—and the full year's earnings rise since then.

But the actual pay rise firemen will receive this year can be only an estimate at present because the latest official statistics on increased earnings for the upper quartile are not yet available.

On the earnings increase trend last summer, the firemen estimate a total £15 a week rise on the present £72 rate for qualified firemen.

Meanwhile, demands from Hertfordshire and Cambridgeshire delegates for Mr. Terry Parry, general secretary, to be sacked were withdrawn. Another critical motion, however, from the Buckinghamshire Brigade, which attacks the executive council for its handling of the firemen's grievances, is being pressed.

Pressure for unilateral implementation of the shorter working week has come from Scotland. But the executive is anxious for the union to take action if necessary rather than allowing it to take place on a brigade basis.

About one-third of the country's 53 brigades are now thought to have sufficient manpower to go over to the new working week but others—including London—would have a major recruiting problem.

NALGO dispute spreads

SOCIAL WORKER members of the National and Local Government Officers' Association in Liverpool and the London borough of Lewisham are staging an indefinite strike in suport of their claim for local negotiations for regrading, the union said yesterday.

In Liverpool, 320 social workers began their strike yesterday and in Lewisham 224 social workers will be on strike from today, as a result of a ballot in favour of industrial action by the strike operations committee of NALGO yesterday.

These moves bring the total number of social workers on strike to 1,171. Social workers in Newcastle and in Southwark, London, have been on strike since August 14, and in Tower Hamlets, London, since August 21. The action has the backing of NALGO.

Motor Show strike threat

By Arthur Smith, Midlands Correspondent

WORKERS, assembling stands for the International Motor Show, which opens in Birmingham on October 20, are threatening a series of unofficial half-day strikes.

The show has traditionally been a prime target for exhibition workers to highlight pay demands. The National Exhibition Centre, staging its first motor show, has so far escaped serious industrial trouble and all shows since the opening in February 1976 have started on time.

About 1,400 workers, mostly members of the Union of Construction and Allied Trades (UCATT), voted by a majority of more than 100 in favour of a series of half-day stoppages in the period leading up to the motor show. The fact that voting was fairly evenly split suggests that not all workers may support the action.

Mr. Edgar Jepson, a UCATT regional organiser, said that the mass meeting was unofficial. The men were demanding consolidation into their basic pay of a daily attendance allowance of £5.80 a week. The recommended action applied not just to Birmingham, but to all exhibition centres.

Camilla M 'still blacked in spite of owners offer'

UNION workers were still blacking the Liberian-registered bulk carrier stranded in Glasgow, although the owners have agreed to meet all the demands of the International Transport Workers' Federation at a cost of $400,000, it was alleged in the Appeal Court yesterday.

Mr. Roger Buckley, the owner's counsel, said the attempt by the owners of the 15,000-ton Camilla M to buy their way out of the dispute was being frustrated by the vessels crew.

The seamen refused to have anything to do with the Workers' Federation so members would not lift the blacking.

The dispute was costing the owners, Star Sea Transport Corporation of Monrovia, $4,000 a day, Mr. Buckley told Lord Denning, Master of the Rolls, and two other judges.

The company is appealing against a High Court judges refusal on Monday to order Mr. Jim Slater, general secretary of the National Union of Seamen, and Federation officials Brian Laughton and Mrs. Aileen Collarbone to allow the Camilla M to sail.

Mr. Buckley said the ship had been blacked since it arrived in Glasgow on September 9, when the Federation made its demands. These included substantial pay rises for the crew to bring them in line with Federation rates.

The owners had offered to meet all the demands to get their vessel back to sea, but the stumbling block was the seamen's attitude.

The original Indian crew had refused to sign the proposed Federation agreement because they belonged to the Indian Seamen's Union.

Their pay rates—about eight times below Federation rates—had been negotiated by their union and were governed by Indian Government wage controls.

A second crew of Greeks and other foreign sailors had also refused to sign the agreement.

Mr. Buckley said there was no evidence the owners had anything to do with the men's refusal to sign. But the Federation had a "certain antipathy towards vessels flying flags of convenience and the continued action might be connected with that."

The hearing continues tomorrow.

Shipyard rise

By Our Belfast Correspondent

NEARLY 500 commercial and clerical staff at Harland and Wolff, the Belfast shipbuilders, have been awarded wage increases of between 10 and 20 per cent by the Northern Ireland Industrial Court.

The award, backdated to January 1, was made under the 1946 Fair Wages Resolution.

Staff union fails independence test

A COMPANY-BASED union with only 230 members and £1,100 in the bank was not entitled to an "independence certificate" showing that it was free of control by the employer, it was ruled yesterday by the Court of Appeal.

The court, in an important test case under the Trade Union and Labour Relations Act, allowed an appeal by the Certification Officer against an Employment Appeal Tribunal decision that the white-collar Squibb United Kingdom Staff Association was entitled to an independence certificate giving it full union status.

The association represents supervisory chemical and laboratory staff at the plant at Moreton, Cheshire, of the pharmaceutical company E. R. Squibb and Sons.

Lord Denning, Master of the Rolls, said that the crucial question was whether the association was "liable" to interference, tending towards control, by the employers.

This was perhaps unlikely, but could be envisaged as a possibility—a difference of opinion might result in the employers exerting pressure, such as withdrawal of facilities for meetings of the association.

The association was pretty weak, with nothing like the resources of the big unions in the company. The certification officer was quite right in his conclusion that there was a risk of interference tending towards control by the employers.

Lord Denning emphasised that the association could reapply for a certificate if its circumstances changed.

Lord Justice Shaw and Lord Justice Brandon agreed in allowing the appeal, with costs. The association was refused leave to appeal to the Lords.

Hull dockers expected to reject pay limit

DOCKERS AT Hull, who are holding a meeting today to discuss their end-of-the-month pay claim, are expected to instruct their shop stewards to reject the 5 per cent guideline.

The shop stewards said recently that their pay claim would be "considerable."

They are already supporting the Ford strikers by blacking Ford car imports and also the 50 process workers at the local J. H. Fenner power transmission equipment plant, who are in a month-old lock-out dispute over the 5 per cent limit.

The port employers have warned the 2,000 dockers that they will not breach the guideline.

Opposition to the 5 per cent limit brought the Reckitt and Colman factories at Hull to a standstill yesterday. The 1,500 production workers in three factories staged a one-day strike over the issue and threatened more one-day stoppages.

They are already imposing an overtime ban.

Dispute threatens six Scottish newspapers

BY OUR OWN CORRESPONDENT

AN OFFICIAL strike by journalists employed on weekly newspapers published by Scottish and Universal Newspapers was threatened by Mr. Denis MacShane, president of the National Union of Journalists.

Mr. MacShane said that if the management did not come up with an acceptable pay offer at talks in Glasgow today, a meeting of the union's emergency committee on Friday was certain to approve a request from the journalists for strike backing.

A strike would have consequences for Scottish newspapers which go far beyond Irvine, Mr. MacShane said.

The 36 journalists are employed on six weekly newspapers whic hare to be produced from this week on a new £1m computerised plant at Irvine New Town.

The journalists have been in mandatory session since the beginning of this week in support of their claim for a productivity pay rise as compensation for changes which they claim are required in working conditions to the introduction of new technology.

Talks yesterday between the management and Mr. MacShane failed to reach agreement, but are to be reconvened today. The dispute will not affect publication this week of any of the newspapers.

ACAS appointments

BY OUR LABOUR STAFF

MR. ALBERT BOOTH, Employment Secretary, announced yesterday the appointment of three new members to the council of the Advisory, Conciliation and Arbitration Service.

They are Mr. John Boyd, general secretary of the Amalgamated Union of Engineering Workers, Mr. Cliff Rose, British Railways Board member for personnel, and Mr. Harry Urwin, deputy general secretary of the Transport and General Workers Union.

They replace Mr. Len Edmondson, of the engineers union, Mr. Bert Farrimond, formerly of British Rail, and Mr. Jack Jones, former general secretary of the Transport Workers, all of whose appointments have expired.

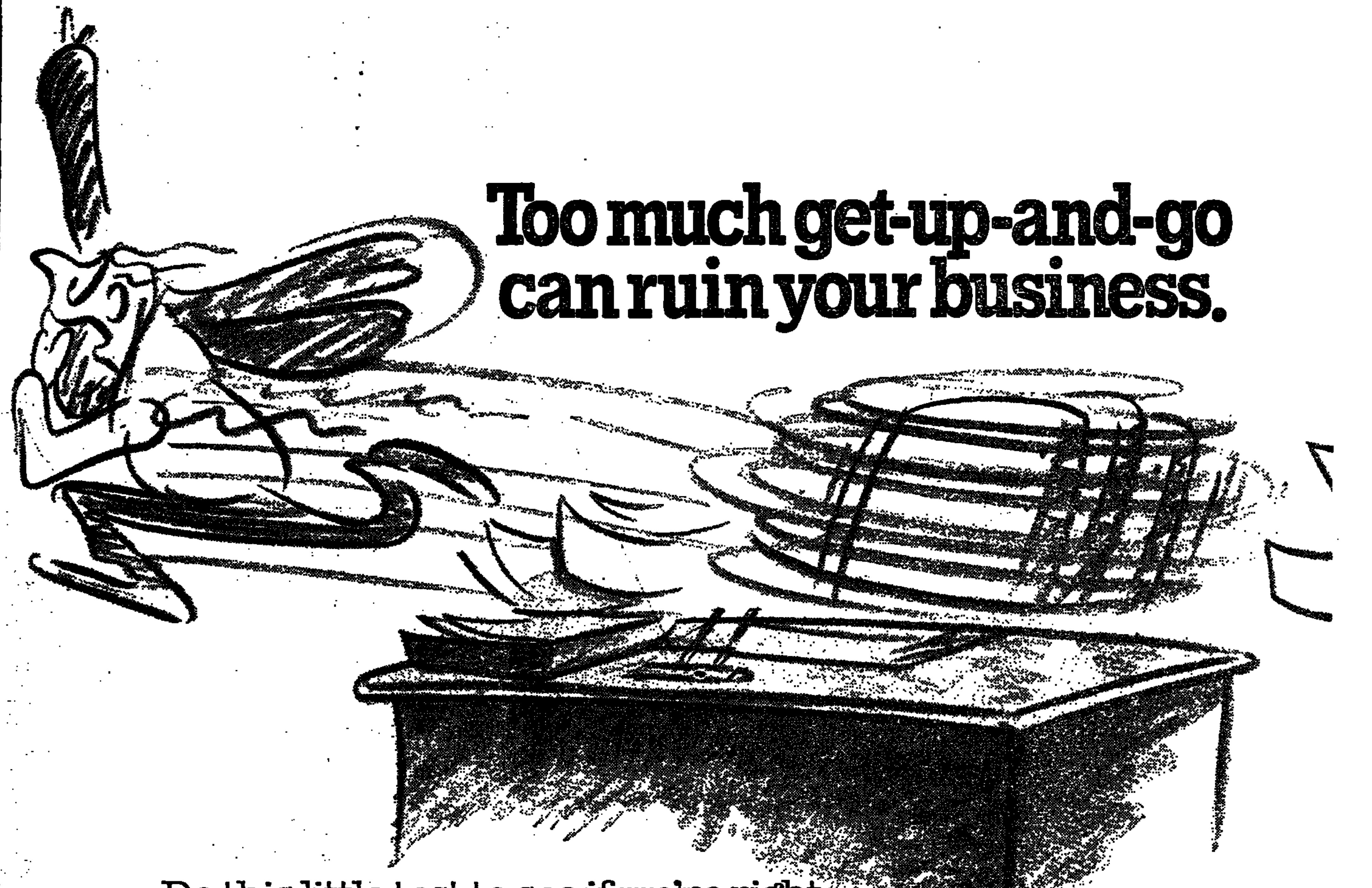
The nine members of the council, three nominated by the CBI, three by the TUC and three independents, have two-year appointments.

The appointment of Mr. Jim Mortimer, the council's chairman, expires next September.

● Mr. Tom Jackson, general secretary of the Union of Post Office Workers, who became chairman of the TUC last month, has been elected chairman of the TUC International Committee. He succeeds Mr. Jack Jones, former general secretary of the Transport and General Workers.

Work on four ships delayed

WORK WAS halted on four ships in Birkenhead Docks yesterday for the second day because of a strike by 100 clerical workers over night working arrangements. About 200 dockers were sent home as management and men tried to resolve the issue.



As someone paying full economy fare to the U.S.A., you'll agree it's time airlines offered you a better deal.

Well, now one has.

From October 29th, all British Airways 747s, VC10s and DC10s flying to the States* will boast a separate cabin called Club Class.

So without paying a penny more, you can set yourself apart.

YOUR OWN SPECIAL CHECK-IN

You'll appreciate the difference from the moment you arrive at Heathrow.

As a Club Class passenger, you use your own special check-in facilities.

It's quicker, easier. In fact, a real boon to the busy business traveller.

And we've made similar arrangements for you at New York and at all other U.S. gateways.

NEW ELIZABETHAN SERVICE

Club Class is full of surprises–all of them pleasant.

Your cabin is further forward in the aircraft than Discount Class.

Staff are assigned exclusively to your cabin. So the service is even more attentive. And rather special, too.

It's British Airways new Elizabethan Service.

As you and your fellow business travellers settle back in the relaxing Club atmosphere, you'll not only feel more comfortable. You'll have many free extras to look forward to, as well.

FREE DRINKS FROM THE CLUB BAR

For a start, the drinks are on us.

The Club bar is open almost from take-off to touch-down. And you're free to ask for what you want.

We thought you'd appreciate having a drink when you feel like one. And at no extra cost.

TASTY ELIZABETHAN FOOD

As part of our Elizabethan Service, you'll enjoy a menu based on authentic Tudor dishes. Similar to those served in the Royal residences and Noble houses of Elizabeth I's day.

For instance, our Rycote House Rere Supper.

'Capon puddynge after Mistress Duffeld's way; cutlet of lambe Oatlands, buttered lima beans with carets and roasted potato; spiced pear Lady Norris; comfits; posset Sir Francis.'

Sounds good, doesn't it? It tastes even better.

FREE IN-FLIGHT ENTERTAINMENT

Our aim is to get you to America refreshed

*except to Anchorage

passengers to a better deal.

NEW CLUB CLASS

Elizabethan SERVICE

and relaxed. And therefore more ready and able to get down to business.

To keep you amused, we've the usual in-flight entertainment. Except that when you travel Club Class, it's all free.

You can listen to the music of your choice on your own stereo headset. Or sit back and enjoy a good film—often one that hasn't been seen this side of the Atlantic.

FLY THE FLAG TO THE STATES

Pay the full economy fare to the U.S.A. and you'll receive a good bit extra when you fly British Airways.

You'll feel pampered, privileged, someone special. Because we've made you a special case.

So next time you've business in the States, ask your Travel Agent or British Airways Shop about our new Club Class with its exclusive Elizabethan Service.

The first time you fly it, you'll see why it's seats ahead of the rest.

British airways

We'll take more care of you

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SAFETY

Guard for many types of machine

COMPLETELY new machine guarding equipment has been put on the market by the machine guarding division of P. J. Hare, of Wrington, Somerset. In many applications, the system can dramatically increase productivity by keeping to a minimum the non-productive part of machine operation; loading, unloading, and guard operation.

Supergard, as the system is known, was originally introduced 12 months ago as a new guarding system on the 12BS hydraulic press manufactured by the company. However, its basic design and the flexibility of its pneumatic control and interlock system gave it great potential for application on mechanical or hydraulic presses and other machines not manufactured by Hares. Hence the expansion of its market scope.

Early design studies found that in order to keep down operating time the moving parts of the guard would have to travel as short a distance as possible. They would also have to be as light as possible to avoid discomfort to any operator whose hand was not removed from the danger area when the guard closed. For these reasons, twin moving shutters of clear perspex or "Makralon" were chosen and fitted with well-cushioned leading edges.

These perspex shutters are mounted at each side on a toothed belt which runs over pulleys at the top and bottom of the front panel. The shutters are opened and closed by a pneumatic cylinder and the operator initiates the machine and guard cycle in the natural rhythm of his work: as he withdraws his hand from the work area to reach for the next component he touches a horizontal bar. The panels close, and the signal to operate is given only when the panels overlap. If the operator's hand is caught between the panels they re-open and the machine will not cycle.

A pneumatic control and interlock system was chosen for the UK in preference to an electrical system, as this offered substantial cost savings to the end-user with no sacrifice in safety. An electrical control system is available where this is preferred.

The front guard panel is mounted on hinged side panels so that the entire guard can be swung away from the tooling area to give unrestricted access for toolsetting and maintenance work. In operating conditions the panels are held closed by a captive key switch which stops the motor of the machine when opened. On key clutch presses a delay can be built in so that the guard cannot be opened while the flywheel is still turning.

Side panels can be fitted with "windows" of transparent material or perforated steel, or slatted panels to allow strip feed from outside the guard.

P. J. Hare, Wrington, Bristol BS18 7NL. 0934 862608.

Lifeboat to save divers

UP TO 12 divers undergoing decompression can escape from their diving support ships, or drilling rigs, in the event of fire, blow-out or some other disaster in a new form of lifeboat developed in the Capper-Neill group.

It has just gone into service on a ship operating in the Frigg Field following extensive tests at the Vickers shipyard in Barrow-in-Furness. The Aqua Hyperbaric Lifeboat (Aqua HLB), has been designed, developed and constructed by Aqua Logistics (International).

Aqua HLB is among the first pressurised lifeboats and has been specifically designed for the Norwegian market where the authorities are insisting on such a means of evacuating divers who are in the middle of a decompression cycle and who would almost certainly suffer serious physical damage if they were to be rescued by ordinary means.

The new lifeboat was designed and developed in just 70 days by Aqua Logistics for Northern Offshore. During this tight schedule the approvals of the Norwegian Petroleum Directorate (the ultimate Norwegian authority) and Lloyds were obtained.

Measuring an overall 25 feet it looks like a big water beetle and would be stored on the deck of a ship, or drilling rig. In the event of a disaster it can be pressurised so that divers at risk can climb into it through a manway. It can then be launched by standard davits and towed to safety.

It consists of a standard diving decompression (DDC) unit surrounded by a polyethylene flotation ring. Although a large part of Aqua Logistics' business is fabricating DDCs, it is prepared to convert existing ones into lifeboats. In its estimation, there are many DDCs in existence which can easily be converted—saving considerable time and money.

Aqua HLB has all the resources to keep 12 divers alive for 24 hours. If in that time it has not been connected up to another life support system, then it falls back on the use of an "umbilical" cord. This can be connected to any ship and will provide all necessary oxygen, lighting and heating.

Aqua Logistics is on 0744-810202.

● MATERIALS

Rail wear and tear reduced

LOOKING towards a time, not all that far ahead, when much greater reliance will have to be placed on rail transport in the developed countries, the Krupp steelworks has manufactured and is extensively testing a new type of rail which is much stronger than anything produc-d hitherto.

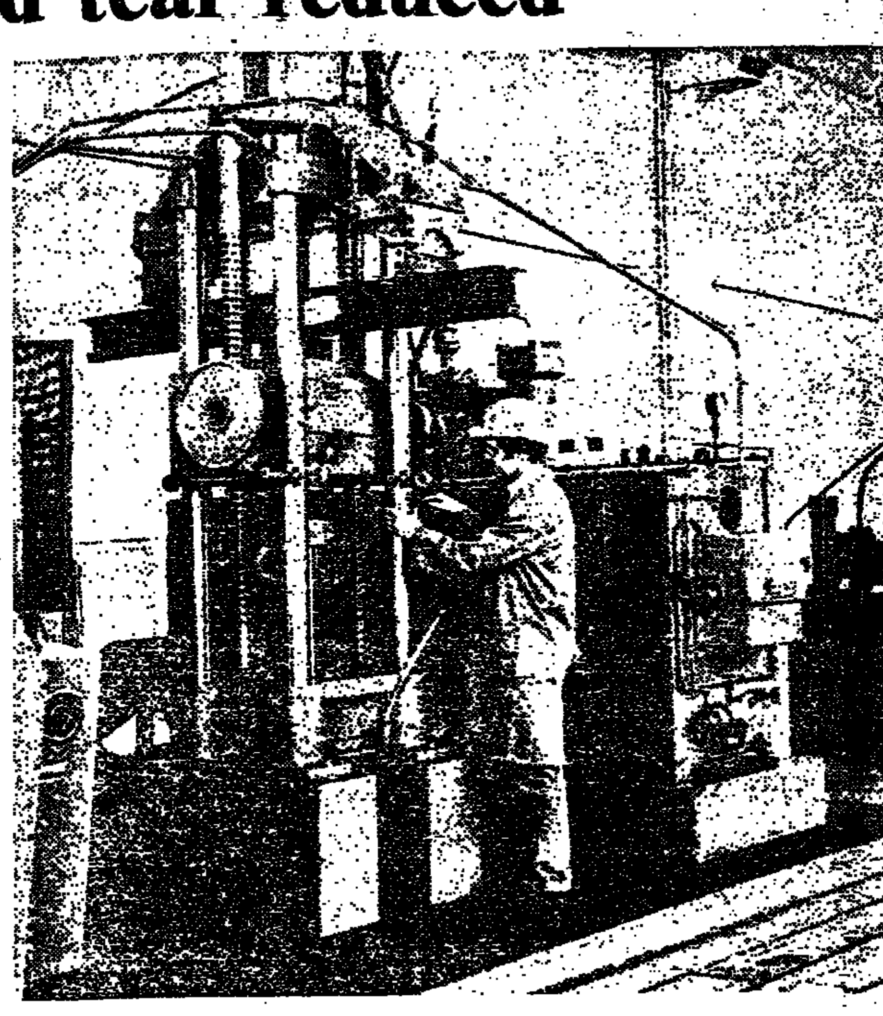
It will withstand forces up to 1,400 Newtons per square millimetre, whereas the most resistant rails so far developed—also by Krupp in the 1960's—were rated at 1,100 Newtons, minimum. The latter rails were produced for particularly arduous duties such as on the approaches to the St. Gotthard tunnel in Switzerland and in ore-handling railway systems in various parts of the world. These rails are made of a chrome-manganese steel.

Krupp undertook the development under the aegis of the Federal Ministry of Research and Development which is promoting a programme to investigate the technological frontiers of steel wheels on rails.

Rails of the new material—the composition of which has not been disclosed—are being laid on test tracks belonging to the Federal Railways and in the brown coal mining areas where they will undergo evaluation both for their resistance to heavy traffic and to the effects of high speed rolling stock travelling at 300 kph and more.

The ai mof this ongoing development programme, which is being carried out between Krupp as the largest rail producer in Germany and the Bundesbahn, is to develop a rail with outstanding metal fatigue and plastic deformation characteristics, which is also easy to weld. It will also have excellent wear resistance and freedom from brittle fracture.

Fried Krupp Huettenwerke, 4630 Bochum, Alleestrasse 165, Federal Republic of Germany.



Massive testing equipment at the Krupp research laboratories at Rheinhausen is being used to put new rail materials through stringent examinations for resistance to cracking and wear. In this instance, a section of rail at *right* is undergoing extended bending tests.

● SOFTWARE

Easier network access

BURROUGHS HAS joined the select group of major computer builders to offer special software allowing users to develop company-wide data networks in which computers will interact with one another on a far greater scale than previously possible.

Using BNA (Burroughs Network Architecture), local computers or terminals can access information stored in databases throughout the network. Data files such as sales orders or production schedules, and tasks such as inventory updates or report writing can be transferred from one machine to another as needed.

Distributed processing operations, in which local computers assume portions of a central computer's workload, can be increased significantly both in scope and effectiveness. Data processing and computational power available anywhere in the BNA network can be shared by all network participants regardless of the distance between them, the company declares.

Most of today's computer networks limit communications to a given central computer and a number of subordinate systems and terminals. Units of one local network do not have access to data stored in other networks. Similarly, distributed processing systems generally lack the ability to communicate with other distributed systems in the same organisation.

But access to multiple databases from remote points, information and work sharing by central computers, and broader distributed processing functions are key factors in the planning of many computer users, particularly those with national or international operations.

BNA can be used with most small to very large-scale Burroughs computers, and is expected to become available to customers in 1979.

IBM was the first company to give this particular software sector a name (SNA) though that company already had networking software available and in use. Seen by some commentators as a new means of locking-in users and locking-out would be suppliers of equipment competing with IBM, SNA and its parellels nevertheless correspond to a real need for co-ordination between database management systems, teleprocessing, information management systems and adequate methods of controlling exchanges between these and separate networks.

It is obvious that in any family of computers where large amounts of data are being channelled to and fro over links such as those provided by the P.O. new software affecting the whole of the network and/or its operation, must be very important to equipment builders, which is undoubtedly why they are taking action.

● METALWORKING

Checks on roundness

A SHOP-FLOOR ability to carry out advanced roundness testing has been introduced by C. E. Johansson in the form of an instrument consisting of air bearing table, high precision spindle and capacity for workpieces up to 260 mm across of weight up to 50 kg.

The instrument has a small "brain" in the form of a microprocessor which in conjunction with a polar recorder allows the detailed analysis of roundness, squareness, flatness, parallelism and skew.

Turntable accuracy of ± 0.001 mm and automatic centring eliminates the time consuming setting-up stage. Direct digital display is provided of peak-to-valley height; it is also possible to display the offset of the true centre from that of the "least squares" circle and the angular position of the offset can also be shown.

For hollow cylindrical components, where internal and external diameters are being checked, the least squares circle can be superimposed, on the rotary plotter, on to the inner and outer graphs to show concentricity.

More from 66, High Street, Houghton Regis, Dunstable, Beds. LU5 5BJ (0582 68181).

● TRANSPORT

A quick cover-up

ROAD VEHICLES with open bodies often have to carry goods or materials that have to be protected from the weather or pilferage and covering them with protective sheeting can be an irksome and time consuming task.

However, George Neville Truck Equipment has found an answer to this problem with its quick action remote-controlled sheeting system. Across the front end of the vehicle's body, behind the headboard, is fitted a roller around which the protective sheet is wound.

The free end of the sheet is anchored between two outside arms pivoting from beneath the middle of the body's floor. As these external arms swing rearward, the sheet is pulled from the roller, thus covering the load.

Retraction of the sheet is by means of a winding handle, which can be reached by a person standing behind the cab.

Details of this sheeting equipment can be obtained from the company at Lindleys Lane, Kirkby-in-Ashfield, Notts, NG17 8BS (0623 752601).

● PHOTOGRAPHY

Flash level at a glance

OFFERED at a price which the UK maker, Laptronic Products, claims to be about a half of the nearest Japanese imported equivalent, an electronic flashmetre for professional photographers directly produces the f-stop reading needed after a test flash with the meter at the subject position.

The device obviates the use of the exposure tables found on the back of flash guns and produces a much more accurate result on a digital display.

The company claims that is has considerably simplified the Japanese method of measuring the light, which involves charging a capacitor from the photocell and then discharging it into an analogue to digital converter. Laptronic has done away with the capacitor but apart from claiming that the conversion to an f-stop reading is much more direct, will release no more details.

With all the components embedded in epoxy resin, the calculator-sized unit is robust and reliable.

Orders worth over £200,000 have already been obtained, well over half from overseas.

Laptronic Products, 3, Belsize Crescent, London NW3 5QY (01-794 3195).

● PROCESSES

In mint condition

THE BIRMINGHAM MINT has adopted a nitrogen based atmosphere to anneal strip metal prior to its being made into coins. The installation of the nitrogen system follows the mint's purchase of a Salem Engineering bell furnace—this would, in any case, have required a nitrogen safety purge system, but by installing a complete nitrogen system both production and safety purge requirements can now be met economically.

The nitrogen, supplied as a liquid and stored at minus ... degrees C, has been chosen as a cheap alternative to an atmospheric generator.

The nitrogen is supplied by BOC, Hammersmith House, London W6 9DX (01-748 ...).

● EXHIBITIONS

Technology meets in Toulouse

LAUNCHED IN 1971 to promote the extensive industrial infrastructure of France's subcontracting industry, MIDEST (Marche International de la Sous-Traitance) which has its counterpart in Britain's Sub-con, has grown to a major international event with 1,200 participating companies, slightly down on the preceding event, but happening this year at a time when several important sectors were reporting more encouraging results.

Metalworking companies, heavily represented, could report an improvement in the sector of some 3 per cent in turnover for the first quarter of 1978 over the last quarter of 1977 and an advance of 10 per cent compared with the same period a year earlier.

Toulous was chosen for the present event because of its pre-eminence in the country's aerospace industry—a major export earner—and the fact that it is the country's fourth largest city, main centre of the Midi-Pyrenees area.

Exhibitors recorded excellent Spanish and Italian attendance which was possibly due in part to the fact that the city is so close to their home lands. At the same time, there was some misgiving because of the decline in the attendance from Germany and the Scandinavian countries.

By and large, however, the exhibition was judged to have fulfilled its aim of canvassing foreign interest in the possibilities this large sector of French industry can offer.

One of the important innovations for exhibitions such as these was the special attention paid by the organisers to technology which can play havoc with visitors' attempts to understand what is being offered when insufficient attention has been paid to getting multi-lingual experts to work long before the event. A standard terminology was made available in English, German, Dutch and French relying on experts from the four countries.

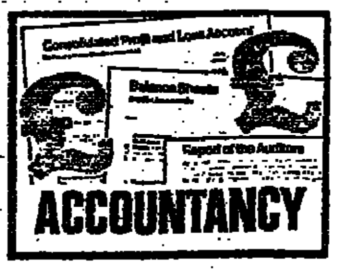
Among the UK participants was Imperial Metal Industries which came to test the water with a "*mini-stand*" before launching out into something much more ambitious in Brussels next November.

It was displaying its products components for the pen and pencil industries and the products on view were ... and fibre tipped pen inks, reservoirs, refill tubes, pen ... barrels. Fabrications ... brass, nickel, silver, ... metal and alminium.

Another innovation ... was the computerising of the exhibition catalogue which permitted much better flexibility of layout with easier retrieval and ability to include much late material.

The Management Page

EDITED BY CHRISTOPHER LORENZ



The American profession: facing a growing challenge

Russell Palmer explains how the U.S. accountancy profession is responding to the recent sharp criticisms which have been levelled against it

THE ACCOUNTING profession in the U.S. is facing its most severe challenge since the mid-1930s, when the Securities Acts were written and the Securities and Exchange Commission was formed. Now, as then, the public is concerned about the way the U.S. financial system conducts itself, and some in Congress are interpreting that concern as a call for new legislation. Now, as then, there are those who see the accountant as the personification of the system, and would therefore legislate for further control over the profession.

Turmoil in the profession is not confined to the U.S. In the UK as well, concern is mounting about the regulation of the accounting profession. While there is no regulatory body like the SEC, for example, some in the UK are calling for the creation of a similar institution. Increasingly, the profession in the UK and the U.S. confront many of the same problems and challenges. For this reason, it may be valuable to examine the American experience.

There is no easy explanation for the current challenge to the profession in the United States. It is certain that we are paying the price today for the amorphous accounting principles which we allowed to prevail in the early 60s. And we are paying today for our past failure to challenge the business practices of some of our clients—too many assumed that questionable payments made by clients were a normal way of life, until that kind of corporate conduct became a national issue. However, it may also be that we accountants are now faced with a dramatic challenge because we have been successful in our efforts to convince the public that we are a profession. Today, the public is asking that we live up to that promise.

The challenge to the profession touches on many issues, but perhaps the most critical is directed to the regulation of the profession. Congress has been sceptical of the profession's self-regulation efforts, and the most serious legislative proposals have been directed towards imposing a governmentally sponsored regulatory scheme.

Practically speaking, the public accounting profession in the U.S. is regulated more by outside forces than by its own regulatory efforts. When a client gets into financial trouble it is almost certain that the accountants' work will be tested in court. Some critics of the profession have argued that these civil proceedings are an effective way of disciplining and regulating the profession—because case-by-case precedents establish new practice standards, and the threat of massive judgments will force adherence to those standards.

However, anyone who has ever followed the legal manoeuvrings in a courtroom, recognises that a civil proceeding is terribly inefficient and in many cases inequitable. The findings in a civil proceeding are subject to a great many factors beyond the professional issues involved: the outcome of a civil proceeding may be influenced by the skills of the attorneys on either side, the attitude of the jury and the judge, and the emotions that are engendered by that particular case. The civil process is not the most effective or the most efficient means of regulating and disciplining the profession, but given our present structure it has the most impact.

Wreckage

The SEC also has a hand in disciplining the accounting profession in the U.S. The SEC's enforcement division combs through the wreckage of a financial disaster looking for evidence of failure on the part of the company's officers, attorneys, or accountants. The enforcement division has the benefit of subpoena power, as well as the benefit of hindsight. If, after their investigation, they conclude that an auditor is culpable, they can take action without involvement of the courts. The procedure is perhaps efficient, but many feel it is not necessarily fair. Nonetheless, it seems reasonable to predict that the SEC's enforcement group will be an even more active force in the regulation of the profession in the years ahead. With the Congressional interest in the accounting profession, those at the SEC are sure to take the hint.

The self-disciplining efforts of the accounting profession stand in stark contrast to the activities of these extra-professional agencies. It is safe to say that in the last ten years the profession has not taken any single action on a major accounting failure. We have no one but ourselves to blame for the fact that the courts and the SEC have stepped into the disciplinary process—they simply rushed in to fill the vacuum left by the profession. There are a number of explanations for our ineffective self-regulation. First, and most obvious, self-discipline is painful and as a profession we have not met our painful duty.

It has been relatively easy to enforce those provisions of the codes of ethics which deal with advertising, or encroachment, and a number of individual practitioners have been disciplined for those violations. Similarly, it has been relatively easy to discipline those few members of the profession who have been convicted of a crime in a criminal court, and the profession's trial board has taken action on those clear cut cases. But we have not been able to deal with those cases where very difficult questions are involved—where the auditor's judgment is at issue.

In addition to the natural, human reluctance of one professional to discipline the other, there are some structural problems which inhibit the effectiveness of our internal self-disciplinary process as well. Of course, the profession does not have subpoena powers and so its ability to conduct an in-depth investigation is hampered. And, given the threat of civil litigation, with its significant uncertainties, firms have been unwilling to submit voluntarily to professional discipline. As a result, the profession's disciplinary machinery does not really focus on the more difficult problem cases until all of the civil litigation has been completed—and that can be eight, nine or ten years after the fact.

The congressional inquiries into the accounting profession have focused directly on this question of self-regulation, and self-discipline. Senator Lee Metcalf (now deceased) held congressional hearings on the state of the accounting profession in the U.S. during the summer of 1977. Last autumn the Metcalf Committee issued a report which was strongly critical of the profession, and which outlines a number of significant recommendations for change. The committee recommended that the profession be given one more chance to demonstrate that it could take care of itself, and so recommend no new legislation, at least for the time being. The Metcalf Committee did recommend, however, that the firms who deal with publicly-held clients form a self-regulatory organisation which would have its own, effective disciplinary powers.

In response to that challenge, the American Institute of Certified Public Accountants has established a division of firms. (Prior to this individual CPAs joined the AICPA but the firms themselves had no official standing.) The division of firms includes an SEC Practice Section and a Private Practice Section. To join the SEC Practice Section, a firm must agree to certain membership requirements — most important, it must agree to abide by the standards established by the section, to submit to a peer review, and to submit to the section's discipline and its sanctions. The organisation of the section has been worked out, most of the major firms and a number of the smaller ones have joined, and some staff have been taken on. On paper, the division of firms approach has won considerable praise.

We have not yet worked out the details of the disciplinary and the sanctioning process however. It is possible that during its peer review, a firm will be found to have violated a professional requirement; then, clearly, some kind of remedial action will be required and the Section would be in a position to invoke a sanction if the remedy was inadequate. But we have not yet determined how the section will deal with alleged audit failures which come to light as a result of a client bankruptcy, or a civil court action. It is not clear how a firm will react if it concludes that disciplinary proceedings by the section might prejudice its case in court. Until we have dealt with those kinds of situation, our self-regulation machinery must be considered untested.

The section is governed by an executive committee made up of representatives of member-firms, and thus will be self-governing. It will be different from any other previous attempt at self-regulation, however, because the activities of the section will be subject to review by a public oversight board, which will be composed of five prominent business people, none of whom are accountants. The public oversight board will advise the section and act as its conscience. It will bring a broader perspective to the difficult decisions, and make sure that the section does not become a self-protective club.

The Metcalf Committee, at the conclusion of its report, asked the SEC to check on whether the profession was responding effectively to the committee's concerns. The SEC has just released a massive (three volume) report on the profession's efforts to date, paying particular attention to the division of firms and the SEC practice section. Again, the SEC recommended that the profession be given a chance to work out its problems, but with some important provisos:—

1. The SEC has criticised the Section in its approach to peer review because it depends upon firm-on-firm review. The SEC is concerned that a review team from any one firm will be reluctant to criticise another firm severely, lest that firm comes in for harsher criticism when its own peer review comes along. The SEC has suggested instead that the peer reviews be conducted by teams of auditors, selected by the section, from a wide variety of firms.

2. The SEC has suggested that the public oversight board be more directly involved, and have more authority to influence the actions of the section.

3. And finally, the SEC agreed that the profession should he given an opportunity to discipline itself, but its report to Congress cautioned that the section's disciplinary programme and its sanctioning powers had not been tested. Obviously, the SEC's approval of the profession's efforts is contingent on our ability to deal effectively with our own self-discipline.

Regulation

When Senator Metcalf died, his Committee's responsibilities were assumed by Senator Thomas Eagleton. It is not yet clear whether the Eagleton Committee will accept the SEC's judgment and give us the time we need to prove that we can deal with our own regulation. If Congress is unable to do something constructive about the really critical issues of the day—an energy policy, the falling dollar—some may decide to take out their frustrations on the accounting profession and adopt legislation that would bring the accountants' disciplinary proceedings directly under the control of the government. In fact, Congressman Moss, representative from California, has criticised the profession's efforts, and has pooh-poohed the SEC report. Representative Moss has said that he will introduce legislation during this session which would establish a quasi-governmental body to regulate and discipline the profession. He admits that the legislation is not likely to be adopted this year, and he also has said that he will not run for office after his current term expires this autumn. However, he is confident that there are enough in Congress who feel as he does, and who will reintroduce the legislation and carry it through.

The profession in the U.S. has its roots in the UK, and we share the same professional heritage. Also, our working environments are fundamentally similar, subject to many of the same pressures: in each country there is an egalitarian trend in the society, such that a professional must justify his special standing, on a continuing basis. In each country private institutions feel competitive pressure from strong government bureaucracies. It is inevitable that the accounting profession in the two countries will share many of the same challenges.

In 1976, the UK profession, spurred on by government criticism of some audit problems, appointed a committee chaired by Lord Cross, to challenge the profession's procedures for self-discipline. The committee pointed out that the profession was handicapped because it had no authority to conduct an effective investigation into the work of an accountant under the law, or even under the profession's own charter. Further, the committee found that the profession did not have the mechanics to deal with professional discipline in complicated situations. It recommended that the profession amend its constitution to provide for a board of inquiry which would be given authority to investigate alleged auditing failures, and take appropriate disciplinary action, if warranted.

The profession responded quickly. An implementation committee chaired by John Grenside has detailed a plan for a tribunal which would investigate alleged failures in the audits of public companies. The tribunal would have the power to fine an offending accounting firm, and charge the firm with the cost of the inquiry. The professional bodies would retain the authority to discipline individual members of the firm.

While the Cross Committee was focusing on the accounting profession, the financial community was searching for a way to strengthen self-discipline in the City, in response to direct criticism from the Board of Trade. At the beginning of the year, the key financial groups, including the accounting bodies, formed the Council for the Securities Industry with the objective of maintaining high ethical standards in the industry, and with the authority to investigate possible misconduct,

Framework

The profession in the UK has therefore established a framework for self-discipline, but, as in the U.S., that framework is still untested. The tribunal will not have the authority to subpoena evidence, and so its inquiry process will depend on professional co-operation, or the work of other investigatory groups. In a situation where the accountant finds himself in a court action, the profession's inquiry must be delayed until the court action is resolved. If the problem situation has also come to the attention of the council, presumably the council will have the first crack at the accountants as they may challenge all of the partners involved in the situation—how will those two self-regulatory bodies work together to deal with the accountant? And finally, problem situations will only come to the tribunal's attention as a result of a specific complaint; there is no provision at this time for a regular peer review of accounting firms.

Although the structure is untested, and perhaps subject to some evolution, it represents a clear commitment to the preservation of self-regulation. The UK profession has moved quickly in response to the challenge, and perhaps has more time to prove itself than we have in the U.S.

It would appear that the professions in the U.S. and the UK have a new lease of life as independent, self - regulatory institutions. However, that lease is subject to short-term cancellation. To maintain our independence as professionals, we must make the newly created self-disciplinary structures work.

Russell Palmer is managnig director of Touche Ross International.

LOMBARD

Home loan funds and the banks

BY MICHAEL BLANDEN

IF BETS were being laid on which bank will be the first to venture into the mortgage business on a significant scale, most City people would put their money on Barclays as the most likely to respond to the building society challenge. But all of the big four banks reacted cooly when the idea was recently revived in the Press, and provided several reasons why this is not the most opportune time to contemplate a substantial expansion of their business in this direction.

Each of the big banks has been examining ways of developing the home loan business, on and off, for several years. For a long period, they have felt the impact of the increasing share of the savings market being taken by the building societies.

The issue was brought to the boil last year when interest *rates dropped sharply* and the banks lost funds more rapidly than usual.

If the banks want to strike back by putting their own considerable marketing weight *behind a serious effort to sell* long-term mortgages, however, they will have a number of obstacles to overcome.

Lord Armstrong, the chairman of Midland Bank, argued before the Wilson Committee earlier this year that the banks could carry out home lending just as well as the building societies, if not better, if they were able to *enjoy the same tax advantages.* And a superficially attractive case can be made from the point of view of the banks for entering this market. They have the branch networks available to provide the contact with borrowers, and the potential for building up a solid deposit base to support the lending.

Resources

Yet apart from a natural desire to get their own back, the banks have not yet presented a fully worked out rationale to support a plunge into mortgage lending. It would make little sense for them to divert their existing deposit resources into the business, as long as they can make a reasonable return on short and medium term banking loans, even if there were no official restraints on their growth.

Setting up a separate subsidiary or division to develop mortgage lending, on the other hand, would take them out of the banking market. The societies themselves, it is true, have played down the scale of the advantages they enjoy as a result of the tax concessions granted by the Government. But for the banks to compete on even terms, the business would have to be *conducted quite separately from* their general banking operations and it is far from clear how they would gain as a result.

The banks would *certainly* have to overcome two major hurdles before they considered such a step. One would be to ensure that they gained parallel treatment with the building *societies on taxation. The main* point here is the composite rate paid by the societies. This is arrived at on the basis of an average of the rates actually paid by the investors. For the last *financial year, it was 24¼ per* cent, well below the basic rate of income tax.

The Inland Revenue might well be prepared to consider a similar arrangement for a bank offshoot set up specifically for the purpose of conducting home loan business—though I believe that so far it has not received any direct approaches from the banks on the subject. However, it is not easy to see how a bank would fit into the separate structure of the building society movement and the representative function at present fulfilled by the Building Societies Association.

Obligation

The second obstacle arises because the banks are at present under the constraint of the official corset controls over the growth of their interest-bearing deposits. The building societies are outside this form of monetary *restriction. But it seems* unlikely that the authorities would be willing to permit a powerful group of financial institutions over which they now have control to develop new business outside the present ambit of credit policy.

In any case, the banks have accepted the obligation not to fill any gap left as a result of *the Government's request to the* building societies to restrict the scale of their mortgage lending. At present the scope for new developments is, therefore, limited. Yet over the longer term the banks may look at various ways of providing an extended mortgage lending service.

They could, for example, develop the business they already do on a *modest scale,* not only in bridging loans but in mortgages which can run for as long as 10 years. The terms they are able to offer may not be fully competitive with the societies, but the price is probably not the biggest problem faced by the home buyer. They could also look abroad for different ways of approaching the problem: one idea which might be adopted from the U.S., for example, is for the banks to put together packages of individual mortgages to be sold on to the big investing *institutions.*

The Council sails into choppy waters

AROUND BRITAIN

SHETLANDS

By Our Own Correspondent

THE OIL-RICH and all powerful Shetland Island Council last week faced a bitter internal crisis which resulted in the resignation of Capt. George Biro, director of the Ports and Harbours Department, the man who has supervised the building of the £700m Sullum Voe terminal due to receive its first oil next month.

The terminal, the largest in Europe, is a key element in Britain's North Sea production. By 1981 it should be capable *of handling 1,390,000 barrels of* oil a day. Before Capt. Biro leaves in three months' time his department will also lose one of its senior deputies, Capt. Bert Flett, who is taking a higher paid job as a marine officer at the port. Another recent resignation has been that of Capt. Chris Hunter, the acting pollution control officer.

By far the most serious however is the decision by Capt. Biro to leave after four all important years in the job of seeing the terminal through its labour pains. His resignation followed what amounted to public criticism of him by Mr. Ernest Urquhart, the council's chief executive. It is Mr Urquhart and his highly professional executive team which effectively dictates the running of the council's affairs in relation to Sullum Voe; a precedent set by Mr. Urquhart's predecessor Mr. Ian Clark, now with the British National Oil Corporation, one of the companies in the Sullum Voe project.

For some months Capt. Biro, highly respected within the oil industry for his *professionalism* had expressed concern over inadequate salary levels and fringe benefits in his department. This he complained had led to difficulty in recruiting a skilled team of pilots. With a salary of just under £11,000 he was also faced with earning less than the pilots he was controlling. A £2,000 increase was however in the pipeline to bring his salary up to a more attractive level. Capt. Biro warned last February that he was losing labour down to secretarial level to better paid oil related work. This has resulted in some improvement in conditions.

A first-class pilot at Sullum Voe can earn around £14,000 but many senior pilots of the calibre that Captain Biro wanted are reluctant to come to Shetland because of its remote location which is seen as an overseas posting but without any of the usual advantages.

Another factor has been the unattractive council housing offered with the job. The council is now investigating the provision of sites for private housing in the area together with special mortgage schemes.

Captain Biro has been consistently opposed to salaries for his department being tied to local government pay and conditions. The issue was brought to a climax last month with a confidential report to the council by Captain Biro. In it he *expressed the view that aspects* of local authority salaries and operations were impracticable in the marine and port industries. He also indicated that if the council felt unable to operate the terminal efficiently then other solutions might be offered which would prove unacceptable to it.

Mutiny

The chief executive, increasingly sensitive of any criticism directed at the council particularly from within it saw Captain Biro's remarks as mutiny by a council employee. He described Captain Biro's report as opinionated and unbalanced and it was withdrawn. From that moment on what has become known as the Biro affair gained momentum.

An acrimonious debate then took place between Mr. Urquhart and Captain Biro in the local Press, with Captain Biro's suggestion that the port might not operate efficiently while it was run by the council making national headlines.

Mr. Urquhart said if Captain Biro or any official including himself could not work within the council's policy and framework then the answer was in their own hands. What amounted to a clear invitation to resign was accepted by Captain Biro. This he did verbally and in committee without advising Mr. Urquhart in advance. His written confirmation followed two days later.

What Captain Biro wanted and looked for was some support from councillors which would have allowed him to stay in the job while self-respect was preserved on all sides. The councillors said nothing and Mr. A. I. Tulloch, the council's convenor, left it to the chief executive to dictate the pace. Captain Biro's resignation was accepted without any public word of regret from the council.

All too late six councillors now want the whole *issue* debated by the council, and this could take place sometime next week.

The furore still continued, with Mr. Urquhart suggesting that the resignation was for personal reasons which was rapidly denied by Captain Biro, a normally passive unemotional man in his *mid 50's.* He said "there are no other personal reasons apart from the publicity and the fact there was publicity was certainly not of my making. I was concerned that Mr. Urquhart doubted my ability to manage the department."

The council which sees itself as one of the most powerful in Britain, at a time when Shetland is promised a Royal Commission to consider constitutional options open to it such as Faroese status, is inextricably part of the oil industry under the 1974 Zetland County Council Act, skilfully drawn up by Mr. Urquhart's predecessor.

This act gives the council *wide-ranging powers.* It controls the sea areas within a three-mile limit of Sullum Voe, it acts as a harbour authority, it has the power to purchase land *for oil-related development* and, all important, the power to create a reserve fund from oil revenues.

Under the recently signed Sullum Voe Port and Harbour agreement the council constructs the oil jetties for use by the oil industry, from which will provide it with a regular income. The council will also receive a levy on all oil shipped from the terminal and by the end of the century should have at least £25m in its coffers. *This will* be channelled through a special fund to help local industries when the oil starts to run down.

The council is particularly *anxious that it should be* seen capable of running a port which will handle the life blood of Britain's economy into the 1980s. Mr. Urquhart is emphatic *that the port will be* run by the council until such times as it decides otherwise. It says it has recruited 18 out of the 20 marine officers it requires and is now ready for the first oil to arrive, which now looks likely for mid-November.

Robin Lane Fox's Gardens Today column will reappear next Wednesday.

Repeat win likely for Nesbitt

RACING

BY DOMINIC WIGAN

A YEAR ago, Middleham trainer, Steve Nesbitt, took York's *Chesterfield Handicap* with that controversial sprinter, Ubedizzy, and it could well be that the Song colt, Beethoven, will give him a repeat win today.

This bay four-year-old who passed *through the hands of* Peter Walwyn, Mick Easterby and Gordon Richards before joining Nesbitt has had a particularly busy time this season with 13 races already behind him.

However, he has retained his form well and Willie Carson seems assured of a good ride over this five furlongs, on which Beethoven has already scored.

Two others with obvious claims to consideration are Bill Guest's Gold Song, and another sprinter Reg Hollinsbead's, Brianston Zipper, a recruit from Jack Hardy's stable.

Gold Song, who is also by Beethoven's sire, has not produced his best since getting the better of St Terramar in a £4,100 handicap over the minimum trip at Sandown in mid-summer. However, he showed he was far *from done for this season* at Ascot last time out. He ran Laudon to whom he was trying to concede 4 lbs. to 1½ lengths in the William Hill Trophy. It is not surprising to find the connections of that winner declining today's engagement on 12 lbs worse terms.

Reg Hollinshead, who usually does well at this meeting, has already won Ascot's valuable Fortnum and Mason Handicap with Brianston Zipper and the *good-looking bay—not seen out* since running poorly in Haydock's Joe Coral Handicap early in August— looks far from harshly treated with 8 st 13 lbs.

In the belief that he could well be back to his fine early season form which included a win in Doncaster's Batthyany Handicap for Jack Hardy I take Brianston Zipper, probably the freshest horse in the field, to come out on top.

Clive Brittain trains a juvenile for his wife, Maureen, in the Averof gelding, Blessed Son, and I am hopeful that this once-raced bay (a June foal) will prove up to landing the Bramham Moor Stakes from which Pluvial is absent.

A second likely winner for the Newmarket trainer whose stable star, Julio Mariner, is being syndicated by the BBA at £20,000 a share—placing a value of £800,000 on him—is Bella Ragatsa, among the runners for the opening division of the Ainsty Selling Stakes.

YORK

2.00—Bella Ragatsa***
2.30—Blessed Son**
3.00—Shaftesbury
3.30—Brianston Zipper*
4.00—Miss Eliza
4.30—Cherry Picking
5.00—Impressionist

CHELTENHAM

2.45—Tingledu
3.20—Mount Tallant
4.25—Archbold

Government aid for snake study

THE Ministry of Overseas Development is to provide a research grant of about £80,000 for a study of snake and scorpion venom.

The work will culminate in a manual of snake bite treatment designed for developing countries. It will be carried out by a team from the Liverpool School of Tropical Medicine, led by Dr. Alistair Reid.

The three-year grant will also help to establish a World Health Organisation Collaborative Centre in Liverpool to improve the treatment of victims of *venomous bites and stings.*

TV/Radio

BBC 1

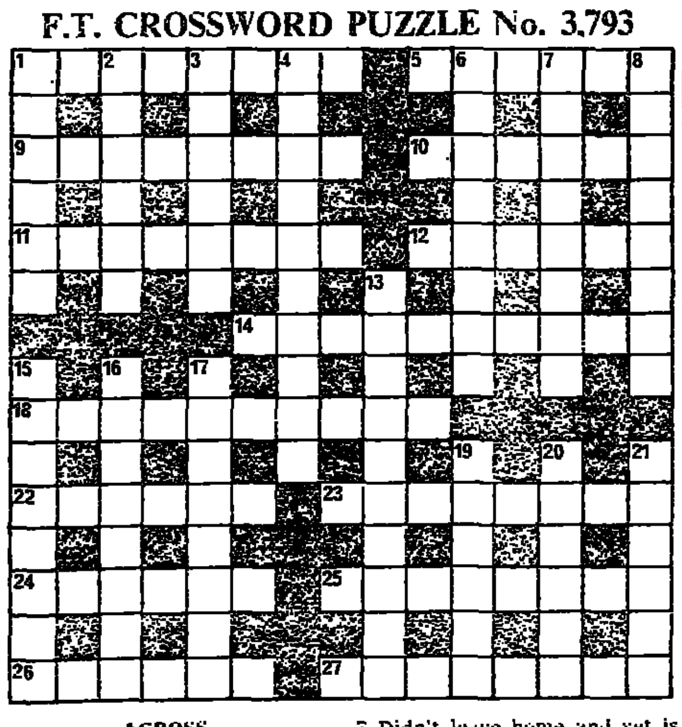
+ Indicates programme in black and white

6.40-7.30 am Open University (Ultra High Frequency only). 9.15 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Over the Moon. 2.01 For Schools, Colleges. 3.53 Regional News for England *(except London).* 3.55 Play School. 4.20 Wally Gator. 4.25 *Jackanory.* 4.40 *Animal Magic.* 5.05 John Craven's Newsround. 5.10 Touch and Go. 5.35 Ivor the Engine.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 It's A Knockout.
8.05 Secret Army.
9.00 News.
9.25 The Fall and Rise of Reginald Perrin.
9.55 *Sportsnight.*
10.45 Tonight including The Founder—profile of the richest man in Britain.
11.25 The Sky At Night.
11.45 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

F.T. CROSSWORD PUZZLE No. 3,793



ACROSS

1 Restrict interval for resolving deadlock at Wimbledon (3, 5)
5 Article has small relation to proposition (6)
9 Going round getting duty list into confusion (8)
10 Relation joins a fly oriental (6)
11 It doesn't matter if you don't remember (6, 2)
12 Watch supporter of Prince (6)
14 Discharge public duty of insurance company (4, 6)
18 Undressed almost without thinking (3, 2, 5)
22 Reduce status of protest march with the *heartless* (6)
23 Current to upper-class gallery cut off (8)
24 Take for granted it's put on (6)
25 Profited when accountant took off at home (6, 2)
26 Broken stride comes off worst (6)
27 Fit boss at source (4-4)

DOWN

1 Plant economy (6)
2 Squeeze-used to be wrong (6)
3 You bet slightly (6)
4 Primitive sailor gets fresh (10)
6 Dolce vita experienced by Everest expedition (4, 4)
7 Didn't leave home and yet is *different* (6, 2)
8 Respects changes in royal staffs (8)
13 Agency seldom found a way to cook steak (6, 4)
15 Stop having influence on firm (4, 4)
16 Spray article given to hoarder (8)
17 Nothing to this paper to have its moments frequently (8)
19 Scrubland the Spanish measure (6)
20 Club porter makes scoundrel pass on (6)
21 Inclined to spare boss on paper (6)

SOLUTION TO PUZZLE No. 3,792

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

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SUSAN SWALE'S SALOME borne Galleries. 63, Queen's Grove, N.W.8. 586 3600.

Haymarket

Look after Lulu

by B. A. YOUNG

Feydeau's plot for *Occupe-toi d'Amélie* is highly ingenious, and if Noël Coward was not the ideal person to turn it into English, there is enough of Feydeau left to ensure a comical evening.

The Chichester Festival production, directed by Patrick Garland, is happily cast and comes to us fully run-in after its summer season. Geraldine McEwan bubbles away as Lulu, the fashionable cocotte, who finishes the first act with a lover, an amorous footman, another man's lover and a Salestrian prince in pursuit of her. Philippe, her permanent lover, is due to leave for his annual military training; Adonis, the footman, is forgotten completely after his single scene; the prince regards the matter as a simple business arrangement; but Marcel, the other young man, is another affair. He will inherit 220,000 francs if he marries, so Philippe lays on a bogus marriage at which the mayor is to be played by an amateur actor. From that point the story develops in characteristic Feydeau style, except that the climax comes in Act 3, Scene 1, instead of in Act 2, as it usually does.

I was a little unhappy with the first act, not only because of the occasional incursion of Cowardesque lines, which have no place in situation farce of this kind, but also because all the company seem to be putting on that special English farce voice. Both matters resolve themselves when you get used to them, and though the action sometimes slows down more than it should—in Marcel's arithmetic lesson, for example—the fun keeps going generously to the end. To within two minutes of the end, anyway; then there are a long exploratory passage and a final curtain line that could be dispensed with.

Clive Francis is unusually funny as Marcel. He plays him as a little creature bent into the shape of a tadpole; with a moustache and a pair of spectacles that give him an unexpected look of Robertson Hare. To have put so much invention into an ordinary Feydeau amorist earns him an extra good mark. The rest offer no such individual touches, but they present a typical Feydeau company brightly enough—Gary Raymond as Philippe. Miss McEwan in her element at Lulu and Fenella Fielding treading on her heels as Marcel's noble mistress Claire, George Howe as a retired policeman, Paul Hardwick and Peter Bowles as the Salestrians, Nigel Stock as a comic German. There is a charming sketch by Robert Perceval as a mayor whom no one believes to be a mayor.

Geraldine McEwan and Fenella Fielding

Leonard Burt

Festival Hall

Tippett's Fourth

by NICHOLAS KENYON

The Scottish National Orchestra ... the first British group to have ...aken up the challenge of Sir ...ichael Tippett's Fourth ...ymphony (written for the ...hicago Symphony Orchestra ...nd first performed here by that ...rchestra on its recent visit to ...e Proms): on Monday night the ...NO presented the work at the ...estival Hall. The immediate ...pression was how much more ...umane a piece it sounded in ...r Alexander Gibson's hands. ...olti had made of it a conflict-...dden sequence of strenuous, ...riving brass tumult and glint-...g, emotionless wind and string ...lours; Gibson allowed the work ... unfold more smoothly, making ...s own pace and its own con-...asts—his was a less fiercely ...ified reading, and hence ...rhaps less convincing, but I ...n sure it revealed the work's ...ontent more truthfully.

Tippett has spoken of the ...mphony as a "birth-to-death ...ece," which is unarguable if ...ly because all-inclusive. But ...s one-movement span hides a ...nstruction of considerable ...btlety, which contains what is ...o this listener at any rate) one ...range flaw. The programme ...te wrote of the work as a ...ven-movement scheme: a con-...nsed symphony with exposi-...on, slow movement, scherzo ...d recapitulation interspersed ...ith three freer, more discursive ...ctions. But I must say that I heard it quite differently—as a three-movement work, each in four smaller sections. An immediately recognisable slow rising theme for six horns follows the exposition and is repeated after what I would call the development. (The exposition presents the four strongly contrasted themes which Tippett labels "power," "vigour," "lyric grace" and "radiance," and the development ruminates on each in turn.)

Then there is the central arch of the work, which begins with the slow movement, full of the most beautifully wistful inspiration for strings, a cello melody, and an oboe solo (played with ideal warmth) which mingles with high-pitched whines from piano and violin harmonics. Then follows a jagged string fugue, working up to the climax, a violent (and frankly banal) sequence of heavy tutti chords. There is a pause, and the material disintegrates into a scherzo of tiny energetic fragments (with a central trio section for the six horns). The scherzo subsides into a fantasia section which Tippett says he based on the music of Gibbons: the effect is cool and full of balm—the central section has returned to a point of repose.

After a sudden irruption of "radiance," we are returned to the horn theme. Here begins the third part of the work, a recapitulation, roughly in reverse order. The "development" has deepened: it is now given echoes of the slow movement as well as of the distinctive ticking bassoons of the first section. We would expect the horn theme again — but instead, absolutely literally, there comes the work's introductory passage and its exposition. All the themes are heard again: "power" sweeps the music to a climax which splutters out into quiet chords and the (now synthesized) breathing — an elemental, non-musical noise.

But why is the recapitulation of the exposition so literal? It negates all the turmoil and transformations the material has undergone: the effect is not of a return to primal simplicity (that is achieved in the breath) but of a prosaically cyclical construction. Perhaps I seek merely to justify my emotional response to the music, which was less than whole-hearted. The immense promise of the work's material seems to me unfulfilled, however; it attempts a magnificent yet subtle arch-construction of continuing development, yet at the crucial moment of climax it takes refuge in Messiaenic obviousness, and at the moment of recapitulation it fails to push the development to its conclusion. Another hearing may change the mind again: thanks to the SNO for a most sympathetic and well-prepared performance.

...nape Maltings

Benson & Hedges Festival

by ELIZABETH FORBES

The second Benson and Hedges ...estival, held at Snape Maltings ...st week, was devoted to the ...amber music of Mozart and ...akhmaninov, a combination that ...ovided the opportunity to hear ... number of rarely played works ... well as some old favourites. ...ost of the novelties were by ...e Russian composer, but the ...ldest contributors to the festi-...l were Bruno Hoffmann and ...s glass harmonica: Mozart's ...dagio and Rondo for glass ...rmonica, flute, oboe, viola ...d cello were featured in ...e concert. That the most ...miliar work can surprise was ...oved by Mozart's Clarinet Quin-...t, in which the Amadeus Quar-...t were joined by Richard Stoltz-...an; the string players adapted ...eir style to the lean elegance ... their younger colleague's tone ...d phrasing. The dialogue ...tween first violin and clarinet ... the slow movement was a reve-...tion.

Mr. Stoltzman, with Atar Arad ...d Tamas Vasary, gave an ...joyable account of the Trio ...r clarinet, viola and piano. ...her Mozartian delights in-...uded the Duo in B flat major ...r violin and viola, in which ...örgy Pauk and Andras von ...szeghi were finely matched in ...ight of tone and clarity of ...pression. Though I missed the ...ban Berg Quartet's highly ...aised performance of Mozart ...ring Quartets, the *Rachmozar-...de*, an entertainment of party ...eces contributed by the artists, ...cluded a movement from the ...ring Quintet K.406 (with Peter ...hidlof as extra violin) that ...etted the appetite to hear ...ese Viennese players in Mozart, ... any other composer.

Rakhmaninov's Cello Sonata, ... unjustly neglected work for ...ich Julian Lloyd Webber and ...ger Vignoles pleaded most ...nvincingly, is notoriously difficult to balance; but with two such intelligent players, Mr. Lloyd Webber's ravishingly delicate cello tone was never in any danger of being submerged by the piano. Indeed, Mr. Vignoles emerged as one of the stars of the festival. Acute sensitivity to his partner, whether instrumentalist, as in the Cello sonata, or vocalist, as in the Gold Award competition, did not preclude a very positive approach to the music on his own, or rather on the piano's behalf.

It was interesting to hear Rakhmaninov's early Variations on a Theme by Chopin on the same day as the later Variations on a Theme by Corelli. The former were grandly played by Victoria Postnikova, in magisterial mood, while the latter formed part of a recital by the French pianist Jean-Philipe Collard, who also included three Preludes in his programme. Though an artist of awesome technical accomplishment, Mr. Collard gave most pleasure in the relatively simple Prelude in D major. Yet another eloquent pianist was heard in the recital of Rakhmaninov songs by Vladislav Piavko, who was accompanied by Craig Sheppard. Mr. Piavko, principal tenor at the Bolshoi, had trouble in scaling down his powerful voice to the volume required for songs such as "The night is sad" or "The wandering wind," but at full stretch his singing was undeniably exciting and his involvement in the texts complete.

Vocalism of quite another kind lent distinction to the last of the Rakhmaninov rarities, the Vespers; the 15 *a cappella* songs for mixed voices that make up this fascinating work were sung with marvellously sustained tone and flexible shaping by the BBC Singers, whose very timbre was miraculously transformed into a genuine Russian sound by the conductor, Gennadi Rozhdestvensky. It was disappointing that this concert, which also included Rakhmaninov's Morceaux for piano duet played by Mr. Rozhdestvensky and his wife, Victoria Postnikova, was the least well attended of the whole festival.

Arts news in brief

The BBC and Eyre Methuen have announced a new drama prize, the Giles Cooper Award for the best radio plays of the year.

The four judges for the first year will be Robert Cushman, dramatic critic of The Observer, and Gillian Reynolds, radio dramatic critic of The Daily Telegraph, plus a representative from the BBC and from Eyre Methuen.

They are asked to choose an award-winning script from each of the five categories of radio plays broadcast by the BBC: *Saturday Night Theatre, Thirty Minute Theatre, Afternoon Theatre, The Monday Night Play*, and the Radio 3 drama output.

To be eligible the plays must be original dramatic works for radio broadcast between January 1 and December 31, 1978. The awards for the best BBC radio plays of 1978 will be announced in April, 1979.

The successful playwrights will each receive a commemorative scroll from the BBC and a presentation copy of the anthology being published by Eyre Methuen in which their award-winning work will appear. In addition they will receive an advance on royalties from the publishers.

Giles Cooper, after whom the awards are named, devoted most of his writing life to the development of the radio play.

Television

The best from the west

by CHRIS DUNKLEY

Much of the most lightweight nonsense on our television screens comes to us from America. British viewers, some of the more vocal ones anyway, have been complaining of this for 20 years or more, which is not surprising since there seems to be as large a proportion of American programming in this country today as there was in 1958, even if ITV's import quota has recently been fractionally decreased.

The silent majority have not complained, of course; they have lapped up everything the Americans have sent us, from *Dragnet* and *Gunsmoke* to *Starsky and Hutch* and *The Incredible Hulk*.

As the managing director of one of ITV's Big Five programme companies admitted to me in the spring: "British television has ridden to success on the back of American programmes, It's been a matter of buying ratings while making our own prestige." He went on to remark that the American networks' new sensitiveness about violence seemed to be making them less certain about what they did, which meant, he said, that the British would have to start producing more popular narrative drama material of their own — programmes like *Bionic Woman* and *Six Million Dollar Man* or ATV's old *Saint* series.

Now, six months later, the accuracy of that well informed prediction can be seen all over ITV's peak-time autumn schedules: any night (except Wednesday for some reason) which lacks a real American action series has been given a pseudo-American action series made in Britain.

On Saturday it is *The Professionals* which was concerned last weekend with a stolen laser beam rifle. Created to the rigid yet worn-out formula of programmes about special crime squads—full of steely-eyed young 006 agents kitted out with Beezer comic-style cars and gadgets—it lacks a single convincingly human character. In particular Gordon Jackson's busy-busy "M" figure scarcely makes it into two dimensions, let alone three.

Sunday brings *The Return of the Saint*, starring Ian Ogilvy as Roger Moore, the one-man special crime squad, dealing with whole platoons of villains from Central Casting approaching from all angles hissing "Leesten thees ees a dangerous game you are playeeng."

Monday features Yorkshire TV's *Sandbaggers*, a group of 005 agents apparently in such short supply in the British secret service that the "M" figure and his deputy are both ready to devote their entire lives to digging up dirt on one agent's fiancée just to blackmail him into rescinding his resignation.

Last Tuesday brought the first part of *Fantasy Island*, a new piece of authentic American nonsense in which Ricardo Montalban and a dwarf version of Tommy Cooper—an inept midget magician named Tattoo (really)—run an island hotel where guests pay to have their worst nightmares brought to life.

And so it goes on: *The Six Million Dollar Man* and *The Sweeney* (the best of Britain's action series) on Thursday; *Baretta* on Friday; *The Incredible Hulk* early on Saturday evening, and so back to *The Professionals*, all of them playeeng thees dangerous game, and all of them—except possibly *The Sweeney*, though even that is arguable—clearly American in spirit if not always in the nationality of writers, actors or locations.

No diminution in American influence on British television then. But in all this there is a great irony because at the very time that the British have been so busy turning out imitation American action series, the Americans have been hard at work borrowing pages from British books and converting them, origami-like into high flying birds. Recently they have started to contribute, in addition to the lightweight nonsense, some of the most interesting ideas and items on our screens.

It seems to me that the traditional British attitude of supercilious disdain towards American television has been out of date for some time. Furthermore, it may well be that in a couple more years if present trends continue, with the bulk of British television stagnating and repeating itself (even if a minority of very high quality programmes do go on winning international prizes and prestige) while American television continues to grow and to experiment, our broadcasters will have to start looking to their laurels.

There were some stook-sized straws in the wind at this year's Prix Italia which, although it was dominated by the British as never before with all three Italia "golds" being brought home, was also the first occasion when America took two of the three "silvers." In a sense America's secondary success was the more significant because Britain has the best national record at the festival whereas America's has been one of the worst.

It is not really the winning of prizes which concerns me, however, but the development of new ideas and in particular the winning of large audiences with programmes other than the tried and tested sort.

Naturally enough (human society being uniquely given to, capable of, and reliant upon change) such new ideas create public interest and it is salutary to look back over the last year or so and recall the programmes which have become the biggest talking points not only among broadcasters and professional commentators but among the British public: *Roots*, *Washington Behind Closed Doors*, the coverage of the Sadat peace initiative, and *Holocaust* come immediately to mind. What has any British television company done that has created similar interest?

Among our own programmes the biggest lot of ballyhoo this year has been reserved by the broadcasters for *Bruce's Big Night*—a large and unwieldy package of entertainment containing a few goodies, such as Bette Midler and the manic Rod Hull and Emu in the opening show for instance, but notable mainly for its arthritic antiquity. The Glums, astonishingly, are nearly as good on television as they were when Muir and Norden's marvellous scripts were first heard on BBC radio some 20 years ago.

More to the point, the idea as a whole is merly a re-working of ITV's old *Palladium show*: it was in 1958 that Forsyth took over as compère of that weekend light entertainment package, appearing between the dancers and the comedians to polish his catchphrases, and then conduct the prize game shows with members of the audience. Twenty years on, ITV have been unable to come up with a single improvement. What price the human need for change and progress?

I am not suggesting that everything the Americans now do is fresh, new, exciting, and different: all those old (and new) cop shows prove otherwise, as does *Dallas* (or *Giant Goes Jogging*). Moreover they have committed the unforgivable sin of allowing *M*A*S*H*, one of the best television comedies ever, to run too long. Last week the script writers sank to the level of temporarily blinding Hawkeye for the sake of a sub Anne Keller weepie. The BBC should do them a favour and stop buying the series, now.

Furthermore, critical viewers in America probably see their own television as largely old hat, and no doubt they value British imports from *World About Us* to *Upstairs Downstairs* for their high standards of writing, direction, and technical proficiency.

Yet it remains true that it is the Americans who are coming up with new concepts: the highly successful idea of the blockbuster serial stripped across the week for instance (*Roots* and so on). It is American television which is exploiting new techniques: their news services use more and more ENG (electronic news gathering) just as ours puts its experimental ENG gear back into mothballs and reverts to solid celluloid like an old man choosing collars. And even in narrative fiction it is the better American series nowadays which looks as though they are feeding off real life, whereas their British counterparts appear to feed exclusively off previous TV series.

For evidence look at the late night series about an American newspaper, *Lou Grant* (assuming it is shown in your area; if not ring up and demand it). Some of its characters are stereotypes, but its plots do usually seem to be engaged with the world we live in, rather than with some received notion of a world which exists only in videotype libraries.

Above all, look at *Soap* (if you are in London late on Fridays, if not ring, etc.). A parody of previous American soap operas, this series features two families blithely dealing with Mafia murderers, homosexuality, race, blackmail, adultery, and so on as though they are all outings to the hairdresser. Its acknowledgement of the wide world after all the years we have had of prissy parochial British sitcoms carries all the invigorating shock value of an early *Steptoe* or *Till Death*.

Of course in those days it was British television which habitually broke new ground.

Cathryn Damon and Katherine Helmond in 'Soap'

Covent Garden

Das Rheingold

by MAX LOPPERT

For the first time, a complete cycle of *The Ring* is being presented, all this week at the Royal Opera House, as a series of Midland Bank Proms. (Also for the first time, the BBC is broadcasting a complete cycle from the house.) These Prommers, crouched on the floor of the stalls, generating a wave of heat (both physical and spiritual) that rises up into the rest of the auditorium, are splendid. Their behaviour is exemplary, at once a lesson for and a reproach to the usual occupants of the stalls—quiet, attentive, genuine in their response. They have come to the opera house for the right reasons, and any performance must gain immeasurably by their presence. If only all performances at the Garden could be Proms!

It would have to be a poor *Rheingold* indeed not to be enjoyable in these circumstances. In fact, the start of the third *Ring* cycle promised extremely well for later instalments. It was conducted in Colin Davis's best fine-nerved, sweepingly dramatic vein—the exchanges between *Loge and Alberich down in* Nibelheim encouraged a rare crackle and spark in the orchestra. It was, for the most part, grippingly acted and sung. The Friedrich production, it seems to me, is at its most rewarding in the *Vorabend* — the tensions it sets up with (and often against) the music are for the most part fruitful even when its inventions raise one's hackles. The stage management had gone a little seedy in places—the underwater ballet of the Rhinemaidens, in its current state of lighting and reflection, seemed at times to produce at least 11 participants.

All but two of the players have appeared in the earlier cycles. Mime is now John Dobson, whose peculiarly lip-smacking, trenchant German diction and vocal timbre made a sharp effect in his short scene —"Sorglose Schmiede," dancingly accompanied by Mr. Davis, was a pungent compound of genuine pathos and gnarled, stifled fury. On Mr. Dobson's current form, tomorrow's *Siegfried* should be something to look forward to. Elizabeth Bainbridge returned as the *Rheingold Erda*, with a broader expanse of phrase and with fuller resources of tone than I have heard from her before; the delivery was firm, forceful, and commanding. A word for George Shirley's Loge, a captivating portrayal of easy insolence masking seriousness.

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Onwards from Camp David

NEGOTIATIONS ON the drafting of the bilateral Egyptian-Israeli peace treaty open tomorrow in Washington with good chances of a deal being concluded between the two sides. Little has occurred since the Camp David agreement to put in doubt that part of the original framework texts which Mr. Begin and President Sadat signed last month. But the other part—that concerned with a wider Middle East settlement—has met with a cool response in the rest of the Arab world, despite all the efforts of the American Administration to underline the opportunities it could offer in the future.

The immediate difficulties over the interpretation of what exactly was agreed at Camp David appear to have been overcome, despite Mr. Begin's insistence that the end to further Israeli settlement on the West Bank is purely temporary. But the longer the negotiations are prolonged the more opportunity there will be for different protagonists in the conflict to raise the questions necessarily kept out of the original accords.

Vagueness

King Hussein of Jordan has refused to get involved in any negotiating process until he has received assurances on the future of East Jerusalem, about the sovereignty of the West Bank, and about its future after the transitional period. The Israelis have refused to blur their position on these issues, and their uncompromising attitude is scarcely calculated to encourage the negotiation process.

The ambivalence of Saudi Arabia and Jordan towards the Camp David agreements, despite their natural desire to co-operate with the U.S., makes it all the easier for Syria to adopt a policy of outright hostility. Unless the Syrians are brought into the negotiating process, there can be no stable peace in the Middle East; yet until now there has been no mention of the Golan Heights, which is the only territorial point of direct interest to Syria.

For the time being Syria is in no position, even if it were militarily strong enough, to express its hostility to Camp David in other than diplomatic and rhetorical terms. It is deeply embroiled in the Lebanon, where the long-running conflict between the Christians, the Moslems and the Palestinians permanently threatens to erupt into full-scale war.

The danger of a wider war is particularly great since the centre of the conflict is between the Syrians and the Christians, who have long been supported, directly and indirectly, by the Israelis. Neither Syria nor Israel has any interest in provoking an enlargement of this conflict, but the danger remains.

The main question now is whether the hard-line Arab states—Syria, Algeria, Libya, South Yemen—can strengthen their position enough to mount an effective challenge to the Washington talks. They recently decided to build closer links with Moscow, but even if Syria should get major new supplies of arms from the USSR, its military position will still be weak compared with Israel.

It would be a different matter, however, if these hard-line states were to be joined by Iraq, which is not merely the second largest Arab oil producer, but also has a substantial army. It is in this context that President Assad's decision to visit Baghdad for an Arab summit next month takes on its fullest significance. Damascus and Baghdad have long been on bitterly hostile terms, and it is questionable whether they can easily overcome this hostility. If they did, however, the balance of forces on Israel's northern border could be completely altered. The Iraqi offer to provide troops for the Golan Heights, and to subscribe $1bn to a campaign to stop a separate Israeli-Egyptian peace, should not necessarily be taken at face value. Were they to make any actual moves down this road at the Baghdad summit, however, the prospects for any progress towards a broad Middle East settlement would be sharply reduced.

Financial cost of real growth

THIS MONTH'S clearing bank figures are rather better than expected, showing a standstill in lending after allowing for the normal seasonal drop; the figures for government borrowing are rather worse than forecast. Both series, however, are rather distorted. Their underlying message seems to be that while the growth of domestic credit remains under control, there is precious little room for the unexpected: and that competition for credit has driven up its cost in real terms.

Corset controls

The banking figures themselves say much more about the operation of the corset controls than about the underlying demand for money and credit. The banks have been constained to limit the growth of their deposits. The result, as expected, has been to depress money market rates — although these have risen in response to U.S. rates in the weeks since the September banking month ended. The wide spread between the cost of loans related to base rates and the return on money market funds encourages borrowers to switch from overdraft to other forms of credit—money market loans, acceptance credit and perhaps direct inter-company lending.

Quantitative control of bank portfolios, whether of liabilities or assets, always forces business into these parallel markets, and some of the business so displaced by-passes the banking system altogether. The official figures become harder to interpret, and may not capture the full growth of private credit demand. There has probably been a modest easing in the growth of loan demand, but the clearing banks are no longer meeting it.

One reason for the buoyancy of loan demand can be seen clearly in the new figures for company finances in the second quarter. This was the period when output began to rise at a fairly rapid pace, and investment spending was also recovering. At the same time competition—both import competition and home-grown competition in retailing—was compressing profit margins. The need to finance rising output, and the lack of internal funds for this purpose, pushed the financial deficit of the company sector up to £1.4bn—a far higher credit requirement than was envisaged in April. Subsequent figures for output, profits, investment and bank lending suggest that the second quarter pattern has persisted.

Accelerated growth and investment in a highly competitive climate can do nothing but good; and in a well-balanced economy, the natural growth of revenue which results from improved income and spending would enable the public sector to reduce its own credit demands, and so make room for private sector growth. Unfortunately the figures for government borrowing show a very different picture. Revenue is so far a little behind forecast, though this lag will no doubt be made good in due course.

Expenditure, on the other hand, has risen sharply. Happily this is not because the cost of supply services is getting out of hand, as has happened in the past. The main culprit is a sharp rise in the cost of debt service—the result of a borrowing requirement which has from the start been too large for comfort. This has been compounded, ironically, by the strength of sterling. Some nationalised industries have chosen to repay foreign borrowings, adding to sterling borrowing at higher interest rates.

Shock-proof

So far the heavy combined weight of public and private borrowing has been contained within the official limits for credit and money growth, thanks to high private savings and high interest rates. Indeed, rates on long debt have remained high enough in real terms to render the market in government stock almost shock-proof in recent months, and funding (some of it in the very temporary form of certificates of tax deposit) has been adequate. We seem to be avoiding the annual funding crisis by a structure of interest rates which discounts almost anything short of disaster. However, the cost of these rates to companies and to taxpayers must put some damper on future growth. Ministers who boast of the renewed health of the real economy should be the first to see the need to cut official borrowing.

The men in the Plessey story (left to right): Mr. Michael Clark, deputy chairman and a deputy chief executive; Dr. Bill Willetts, who resigned yesterday as a deputy chief executive; Sir John Clark, Plessey's chairman and chief executive; Mr. Eric Frye, who resigned last Christmas as a deputy chief executive and finance director; and his successor in the last post, Mr. Peter Marshall.

The problems of Plessey

BY MAX WILKINSON

THE RESIGNATION of Plessey's deputy chief executive, Dr. Bill Willetts, announced yesterday, is bound to add to the speculation which has been hanging over the company for some time.

The company has been the subject of continual rumours of a take-over by its much faster growing rival, Racal, which makes higher profits than Plessey on less than a third of the sales. Although Mr. Ernest Harrison, Racal's chairman, makes no secret of his desire to obtain control of Plessey's military and communications business, a full take-over bid is unlikely at least a present. However, frequent discussion of the possibility among City analysts illustrates the unease with which Plessey is now viewed.

This uncertainty about Plessey's future is reflected in government circles, because Plessey, with sales last year of £611m, occupies a strategic position in the electronics industry. After the General Electric Company, it is much the largest in its field in terms of sales. Moreover, Plessey's expertise and research is an important national resource with a high international reputation, particularly in defence and radar systems.

In a nutshell, Plessey's trouble is that it has failed to use its engineering expertise to make enough profit. Last year's pre-tax profit of £42.9m was not sufficient to meet all the demands of the expanding side of the business and at the same time to provide substantial sums for redundancies and to pay the dividend. For several years it has had to increase borrowings or call on shareholders for new funds in order to cover the short fall.

Admittedly the company has had to pay out £27m over the last two years mainly as redundancy payments in its telecommunications factories, which it regards as "extra-ordinary items." On the other hand, the change from old electro-mechanical telephone exchanges to the newer electronic switches was hardly a bolt out of the blue. It had been discussed for at least a decade, and it could be argued that Plessey should have anticipated and softened the blow.

Certainly Plessey cannot be blamed for the often lamented failure of the British telecommunications industry to keep pace with international markets. The Post Office has to take a great deal of the criticism because of the stifling effects of its ordering programme and the narrowness of its specifications. However, the fact is that Plessey was not able to use the substantial profits of the 1960s to develop products which would give it a significant presence in world markets, as L. M. Ericsson of Sweden did.

Outside telecommunications, Plessey has a mixed record.

First its success: the fastest growing part of the business has been in electronic systems and equipment, which includes military radio and communications systems, avionic and marine equipment (mainly sonar for the Navy).

This part of the business has more than doubled its sales since the year ended 1974 and now contributes 30 per cent of the group's profit compared with less than 5 per cent five years ago. However, it must be remembered that this business is in an expanding market where Marconi, the General Electric Company's subsidiary, has shown a dramatic increase in sales. Racal, operating in the most profitable sector—small military radios—has far outperformed Plessey with aggressive overseas marketing. Its profit last year of £50m was five times the 1975 level while its turnover of £183m was 50 per cent up on the previous year's level.

BREAKDOWN OF SALES
(1977/8)

SALES (£611m)	%
Telecommunications	
public systems	28.6
private systems, data and control	11.0
Electronic systems and equipment	26.0
Hydraulics, aerospace and engineering	13.3
Electronic components	17.6
Consumer electronics	3.5
TOTAL	100

Source: Plessey

As one analyst commented: "If Plessey had been better managed, it would have much more of the business and the profits which went to Racal."

In other parts of its business, Plessey's experience has been less happy. Garrard, its consumer electronics subsidiary making record changers has been a poor performer. Since 1974, Garrad has lost £9.6m in spite of having about £6m pumped into it for new product development. New products, some of which were late on the market, failed to stop the declining market share inthe U.S. As a result jobs in the Swindon plant have been steadily run down from 4,000 in 1973. Last month the company announced that a further 1,250 of the 1,830 remaining jobs are to be axed.

In electronic components, operating profits last year were nearly 30 per cent below their level in 1974, though there has been a steady improvement from the slump in 1976. Sales volume has been stagnant, and the company has been in a state of almost continual uncertainty about what it should do with its semi-conductor operation.

The world semiconductor market has been growing much faster than that for other components, but Plessey has not been prepared to commit the very large investment which would have been needed to compete with the Americans and Japanese in the major product lines.

In view of the consistent unprofitability of all European semi-conductor manufacturers, Plessey may well have been right to limit its risks in this highly volatile market. However, the fact remains that semi-conductors have emerged in the last year as a highly important part of national strategy for the electronic industry. The National Enterprise Board is to invest £50m in a new venture while GEC is linking up with Fairchild to build a major new factory. Plessey has in effect been by-passed. Instead of developing an international capability based on Plessey, the NEB preferred to start from scratch. Now it seems likely that Plessey will sell its semi-conductor business to GEC.

THE FINANCIAL PICTURE

Financial years in £m	1977-78	1976-77	1975-76	1974-75 (9 mths)	1973-74
Sales	611.1	568.8	490.1	318.9	399.5
R & D	78.5	62.6	50.6	35.9	35.6
of which company funded	21.6	15.1	15.5	10.4	12.0
Profits before tax	42.9	40.3	34.8	27.3	40.3
Profits after deducting tax, minority interests, extrordinary items and dividends	4.6	0.3	11.4	6.2	18.1
Spending on fixed assets	24	34	31	18	25 (approx)
Net working capital	8	11	6	7	24

Source: Plessey's annual accounts

In spite of various attempts to strengthen its position in semiconductors with overseas links, Plessey may now have missed the boat. The first attempt to join with Motorola of Arizona and Thomson CSF's Sescosem of France came to nothing.

Indeed, it is hard to resist the impression that Plessey's recent history has been punctuated with deals which never quite came off. A marketing arrangement with Northern Electric of Canada for private exchanges looked promising in 1973, but Plessey was not able to reach the target of C$3m in the first year, so the arrangement lapsed.

In 1974 Plessey was talking about a merger with Ferranti's semi-conductor operations, or perhaps even a heavier involvement in the then ailing company, but the Government stepped in with a rescue for Ferranti, and a semiconductor merger was shelved.

Perhaps the worst disappointment was the failure in 1974 to conclude a deal with the French CIT Alcatel for the joint development of a new electronic telephone exchange. This was to be based on a French switch married to Plessey's computer, which it was developing for the Ptarmigan military network. Sir John Clark, Plessey's chairman hailed this at the time as: "The most significant industrial venture in European telecommunications since the formation of the Common Market."

Alas for Plessey, the idea was squashed, mainly because of resistance from the Post Office and the French telecommunications authority. The company can hardly be blamed, and indeed still feels bitter about the failure of its international initiative.

However, its first major venture into the U.S. market, the acquisition of Alloys Unlimited in 1970, was another matter. Plessey paid £40m, a fifth of its equity, for a company which lost money in four out of the first six years since the purchase. Although the American operation making semi-conductor packaging and other components is now back in profit, it seems Plessey badly over-estimated the benefits of the aquisition at the time. Indeed the deal has been the subject of prolonged legal proceedings against the vendors.

Naturally all big companies suffer disappointments and make acquisitions which turn out badly. The disquiet often voiced about Plessey centres on how decisively its top management operates. The charge most usually laid against the company is not so much that it has made mistakes, but that it has failed to demonstrate a sharp enough edge in finding and seizing the new opportunities which its technological excellence should enable it to exploit.

The uncertainty of its [illegible] direction has been emphasised by recent changes at the top. At Christmas Mr. Eric Frye resigned from the post of deputy chief executive and finance director after 12 years in the latter job. The reason given was ill health.

However, it appears that there had been considerable [illegible] between him and Sir John Clark. Now the departure of Dr. Willetts (said to be on amicable terms) leaves another large gap at the top.

The Chief Executive Office which controls the company was set up as "a new year resolution" by Sir John in 19[illegible] basically, it was thought, to bring more non-family expertise to bear on the running of the company. It consisted of Sir John, his brother Michael, the deputy chairman, Dr. Willetts, Mr. Frye and Mr. W. Sinsheimer, head of the U.S. operation.

Of the five, only the Clark brothers and Mr. Sinsheimer now remain. The question is who will fill the vacancies and whether they will be able to exert the invigorating influence which the company now needs if it is to achieve its target of improving its return on capital from the present 16 per cent to a more healthy 20-25 per cent.

Plessey is not in difficulties. With sales and profits increasing even at a rather slow rate and a healthy order book, it [illegible] emerge on to a steeper growth path. On the other hand it may stagnate. The heady days of the 1960s when Plessey considered taking over [illegible] English Electric and other [illegible] electricals are over. Instead there is the possibility that it will be broken up, with telecommunications in some form of national conglomerate, semi-conductors hived off to GEC and the profitable military sector very vulnerable to a take-over.

To the outside world, Dr. Willett's departure must raise questions.

Sir John, for his part, talks enthusiastically about the transition to a marketing oriented company and ebulliently about the prospects which result.

MEN AND MATTERS

Scenting victory in Brighton

Holiday rather than hard work was the mood in Brighton at the start of the Conservative Party's conference, though it was surprising to see William Whitelaw slowly humping two suitcases down a Brighton platform into a waiting red Mini. Surely the party's grandees deserved better? But once down on the esplanade the delegates quickly settled down to enjoying what has turned out as a sunny interlude in the autumn of this Parliament.

Entering the Conference Centre required running the gauntlet of pamphleteers asking me to safeguard Britain, to join the Trident Group (a radical splinter from the Monday Club, I learned), to debate proportional representation, to listen with the Bow Group to Edward Heath, and to "put animals into politics." This last demand turned out to involve concern over blood sports, though that can hardly be expected to be a prime target of the Conservatives.

Inside all was in ebullient preparation for the Conference theme of "Conservatives, The Next Government." The Tory bookstand was busily selling a range of written weaponry to help in this aim. Last year Ian Gilmour's "Inside Right" had been the best seller. This year, I was told, it is proving to be "Right Turn," a description by Reg Prentice and others of why they changed their minds and joined the Tories.

I could understand why the stand was selling "Tony Benn, A critical study" by Daily Telegraph leader writer Russell Lewis but why "Conservative Dissidents," 1970-74" by Philip Norton? "Oh, you cannot hide these things," was the answer. And the Labour Party Programme? "Our members need to know what our opponents are up to."

"Did you hear a seal bark?"

Monday message

Just along the road at the Bedford Hotel the Monday Club gathered for a lunchtime meeting, to be told by that spokesman of the rising radical right, Rhodes Boyson, that the sun was shining for it. Putting Tory Principles into Practice was his theme, but it was the principles on which he concentrated, spelling out Toryism red, or rather blue, in tooth and claw.

According to Boyson, Toryism was anti-egalitarian; it accepted the Fall of Man; it believed today's state was using people as serfs; and it stressed obligations not rights. There was the occasional "hear hear" to all this, and rather louder acclaim for his insisting that the Soviets were not arming in order to win the Edinburgh Tattoo.

Reasserting Tory ideals was what he stressed and without hesitation he insisted that Disraeli had been wrong in claiming good government is Tory men and Whig measures. "What we need now is Tory men and Tory measures," he insisted.

Coupled with all this was an emphasis on freedom which came close to liberalism on matters such as immigration: "Our frontiers must always be open to religious and political refugees," he said, adding countries had gained from those who who had been prepared to make sacrifices for their principles. Families too should be allowed to be united and immigrants had to be treated equally. In all this the caveat that every country must be allowed to say how many people come in sounded mild indeed. As for the National Front, this, Boyson rapidly insisted believed in totalitarian government and the repression of individuals. He had no time for it, he said, and was pleased its vote was falling. John Biggs-Davison of the Monday Club looked delighted at all this. I later asked Boyson if he planned to join the Club's 1,500 members. "No, I do not believe in sectional organisations," he said.

On the rocks

These days are unlikely to see any major change in the direction of the Conservative Party but they could decide the future of another British landmark, the West Pier at Brighton.

Rolls of barbed wire now shield the younger of the town's two piers, put there to discourage those who are not kept away by such signs as "Danger, falling masonry" and "Dangerous structure." Roy Royson, the last pier master of the West Pier, tells me that some of the piles have been corroded to a third of their original thickness and that others do not even reach the seabed.

He recalls wistfully the days when the old restaurant would serve 600 fish-and-chip teas. And the what-the-butler-saw shows? "Oh, the West Pier was always the more gentlemanly of the two piers."

Royson has mixed feelings about whether the £2m to restore the 112-year-old pier should be spent. Brighton does not attract the day trippers it used to and even lodging houses are feeling the draught, he says. As for re-opening the pier, this would need a special act of parliament as the pier is outside the high-water mark. The pier is thus no bargain at its present price—£1 plus repairs.

Charlie Chaplin and Stan Laurel appeared at the pier early in the century but, when its last owner, AVP, relinquished it, in 1975, the pier passed into the hands of the Official Receiver. R. G. Morgan, the Town Clerk, tells me that the Official Receiver passed the pier on to the Crown Agents—and they refused to take possession. The problem is thus back with the Council. This has so far avoided involvement but can it let the pier go on rusting away? Morgan acknowledged the problem but warned: "Demolition would cost less than £500,000 and restoration more." Which would the Council choose? I asked. "You will have to wait and see. We have a survey report due next Wednesday."

In focus

Diversification and tight cost control seem to be especially vital for London jobbing firms during these difficult times. Smith Bros. provides an example of both in its latest annual report. All the photographs are taken by the chairman, Mr. Tony Lewis.

Observer

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The bid for full ownership of Ducellier

Why the French said 'non' to Lucas

BY DAVID CURRY IN PARIS

"PEUGEOT—yes. Lucas—no. Airbus—maybe." Thus one Paris financial newspaper summed up last week the state of play between France and the UK on the three big industrial questions being negotiated between them.

Britain had approved the Peugeot-Citroen takeover of Chrysler UK, the argument over conditions for British participation in the Airbus consortium appeared to be edging towards compromise, but the attempt by Lucas of the UK to extend its 49 per cent stake in the French electrical motor components company Ducellier to full ownership had been turned down, and a French group, Ferodo, had nipped in to emerge with, if not majority control of the capital, at least majority voting rights.

The coincidence of the two motor industry decisions, despite their disproportion in size and importance, caused bitter British reaction. The Lucas chairman, Mr. Bernard Scott, had made a pilgrimage to Paris to see both M. Jean-Paul Parayre, head of Peugeot-Citroen, and M. Bernard Vernier-Palliez, the chairman of Renault, to argue the case for the Lucas bid. He came away reassured that both men had indicated their preference for Lucas in the interest of maintaining competitive sources for components. Lucas announced it was going to court to assert its rights to pre-emption of the 51 per cent stake in Ducellier previously held by DBA (Bendix).

It was recalled that the French arm of British Petroleum had only recently been frustrated in its attempt to acquire (with the full consent of the company) the world's leading gelatine maker, Rousselot, and that a French company, Ato-Chimie, had been wheeled in by the Government to take its place.

Nor were the British the only ones to suffer. The Dutch State Mines (DSM) group's attempt to acquire the French interests of the family concern Gardinier—again with the family's consent—was knocked smartly on the head by the Government in the interests of the long-term (and intensely painful) restructuring of the fertiliser sector. This time, the chemicals and textiles group Poulenc was brought protesting to the altar.

Is France up to her old trick of preaching European integration when it suits her but protecting her own industry behind a wall of bureaucratic obstruction rendered virtually impregnable by generations of practice?

The answer is, to some extent, yes. The important thing for would-be investors in France is to understand the philosophy which lies behind this attitude. In a nutshell, this is that large parts of French industry are still fragmented, financially weak and commercially unenterprising — certainly no match for their German, American, Dutch and British competitors.

Aggressive

But for France to compete in world markets and earn enough to balance her trade, she must have big, aggressive, technologically advanced, well-financed companies to carry the flag. She can only do this by wholesale restructuring of industrial sectors—and heaven help anyone, foreign or French, who gets in the way.

But what about the new liberalism? Has not dirigism gone out of fashion? "My dear fellow," remarked a senior man in the Treasury with a pitying look, "don't you realise? Half French industry depends on the Government for subsidy and the other half depends on it for State contracts. You are not telling me that in those circumstances everyone can go and do as they like."

Exaggerated, certainly (Peugeot-Citroen, for example, doesn't owe the Government a bean) but eloquent of the attitudes which are brought to bear on industrial restructuring.

What, then, are the principles which underlie decisions about foreign participation in French industry? Technically, control of investment is based on control of foreign exchange. The criterion is the effect on the balance of payments—but in a very wide sense. The immediate currency inflow is but one element considered. The short, medium and long-term effect on the capacity of French industry to earn its livelihood by exports is equally taken into consideration.

Leaving aside the creation of a completely new activity by foreign interests—which is encouraged—the threshold is 20 per cent for the taking of a direct stake in a French company. Below that, there is normally little difficulty in acquiring a stake unless other elements—marketing arrangements, for example—are associated with the deal which give the partner a stronger effective say than his formal stake represents.

But when the stake creeps above 20 per cent in an established concern, then reservations begin to be expressed. They are expressed precisely because for the past decade (if one wants to pick a date, the publication of M. Jean-Jacques Servan - Schreiber's book, *The American Challenge* in 1967, will do) the Government has strained every nerve to restructure French industry.

Since the oil crisis, these efforts have received new impetus. "A lot of our industry is in severe financial trouble," the Treasury admits "and it's dirt cheap to buy."

The Lucas-Ducellier affair illustrates the policy of creating competitive French representatives in world markets. The Ferodo group is the product of years of merger. SEV and Marchel came together before being taken over by Ferodo, and Cibie and Paris-Rhone joined forces before also being absorbed, at Government request (a request which has the force almost of a command) into the Ferodo group.

Now the whole idea of this was to create, eventually, a French electrical motor components group capable of embracing the advancing technology of electrical motor control equipment and, more immediately, a group with a modern range of conventional equipment including alternators and starter-motors.

A Ministry of Industry official takes up the story: "Along comes Lucas. Lucas has a more advanced range of products than Ferodo. Let's be honest. It is more resourceful in technology and has a much better commercial network. Imagine that it takes full control of Ducellier. Bosch, the real enemy, at the moment without much of a presence on the French market, decides to take up the challenge. There is a price war in France. What happens? Ferodo is slaughtered between Lucas and Bosch. And then what would happen to all that careful planning about electrical motor control? Lucas, quite simply, came along three years too soon—before Ferodo was ready to compete."

The BP-Rousselot affair is a similar story. The French petro-chemical industry, with few crude oil resources, was losing money hand over fist on refining and on basic heavy chemicals. Under government prompting, Elf-Aquitaine, the state-owned company which was itself the product of a state-prompted merger, began to diversify towards the so-called sectors of the future—in this case fine chemicals and pharmaceuticals. It started negotiating with Rousselot, but became preoccupied with certain American projects and ended the negotiations. Along came BP. Suddenly the government realised that it was about to lose a last chance for the leading state chemicals group Ato-Chimie (linked with Elf) to diversify into a highly profitable company and away from eternal losses. BP was turned down and Ato-Chimie found itself the proud owner of Rousselot.

If industrial restructuring is the pre-eminent yardstick by which investment is judged, what are the others? One is the need not to dislocate sectors where the state has committed substantial money to create a French technology. Computer peripherals come into this category.

Another is the anxiety not to let foreign investment get beyond the "saturation" point in certain sectors. Pharmaceuticals is now a closed sector, since almost 50 per cent of French pharmaceutical production is in fact controlled by foreign companies. The agro-food sector, where France suffers from a chronic industrial weakness despite her richness of raw materials, is another.

But there are, of course, cases where the fish got away. The most recent one is Poclain, the hydraulic excavator concern, one of the few French manufacturers (Moulinex and Skis Rossignol are about the only other cases) to have risen from being a small family affair to become a world-wide name with modern technology and an extensive commercial network.

When Poclain teetered on the verge of bankruptcy the search for partners was intense. The motor and motor component manufacturers were canvassed but the urgency of Poclain's financial position plus the need to find a partner who understood its business led, at last, to an American rescuer in the shape of Tenneco-Case.

Small stakes

Typically, the window-dressing was careful. Case's stake was kept to a minority, even though it took effective direction of the business. A series of major French names, including Renault, took small stakes as guarantees of the French character of the business.

France has never shied away from calling upon American technology and capital to redress a technological deficit. Its computer industry was deliberately divorced from the European Unidata consortium (because of fear of dominance by the German company Siemens) and linked with Honeywell-Bull. Again, the capital structure was carefully camouflaged in French colours. France is at the moment negotiating the acquisition of U.S. technology in micro-electronics.


Ashley Ashwood

Mr. Bernard Scott, chairman of Lucas Industries.

It would be quite wrong to assume that foreigners are always the victims of Government policy. Some three years ago the State motor group Renault sought Government approval to negotiate the acquisition of certain assets of Chrysler in Europe. It was refused on the grounds that it would open up a politically embarrassing gap between the State and privately-owned motor sector in France and would be attacked as covert nationalisation.

It is Renault which is now being bullied by the Government to acquire the virtually bankrupt Ratier-Forest machine tool concern even though its own machine tools operations—the biggest in France—are heavy loss-makers and the last thing Renault wants is to be god-mother to a series of consumptive orphans.

When France decided to gear its first-generation nuclear power programme around the Westinghouse-licensed pressurised water reactor it did not hesitate to order a large-scale redistribution of industrial assets in order to create one large group (Empain-Schneider) in charge of the reactor techology and another (Compagnie Generale d'Electricite) of the turbo-alternator supply.

The mainspring of all this comes back to that eternal French preoccupation—national independence. There may not be a direct link between the decision to launch a sixth nuclear missile-carrying submarine and the decision to block Lucas's right to acquire full control of a company it already effectively directed. But the decisions come back (even allowing for the obvious considerations of domestic politics, which influence all decisions) to the same basic idea: Independence is indivisible—military and industrial.

But where, after all, does this leave the new liberalism of Prime Minister Raymond Barre, even acknowledging the problems of state financial assistance and the importance of the state as a customer? It might be objected that when the Treasury so manifestly regards industry as a sort of private domain to be shuffled around in pursuit of a grand plan, freedom of pricing and even of employment policies is no more than icing on a borrowed cake.

The Government might reply differently. "The whole object of the new liberalism is to give industry the means to compete internationally: You can't do that if you leave it open to foreign domination."

As with most definitions of economic doctrine, you pays your money and you takes your choice. . . .

Letters to the Editor

Airlines and open skies

From Mr. R. McCrindle MP

Sir,—On consecutive days (October 5, page 8, October 6, page 4) you have featured opinions on the state of the airline industry from Dr. Alfred Kahn of the U.S. Civil Aeronautics Board and Mr. Hammarskjold, director general of the International Air Transport Association and these give very different views as to the health of the industry. While, as a politician, I am of course pleased to maximise opportunities for people to travel at minimum rates, I am concerned at the recent tendency for the U.S. to push into an open skies policy thereby forcing other trans-atlantic airlines to follow suit. The result has, no doubt, been a substantial increase in the number of passengers but a very questionable increase in profitability of the airlines.

It may now be of course that the airlines have overcome their midsummer madness and are proposing to turn their attention rather more to the business traveller, who has proved a profitable customer in the past and rather less to the standby type of passengers for whom Laker ideally caters. If that is so, it may encourage an upturn in the traffic carried by charter airlines which has plummeted substantially in the past year.

All in all, I am very sceptical as to whether, in the long run, the ultra-low fares of 1978 can be maintained and concerned that if the constant pressure of people like Dr. Kahn continues, the airlines which will tend to go to the wall will be the smaller independent organisations.

With some sanity being restored to the situation on the scheduled airlines by the introduction of the three class concept, it is to be hoped that the British Government authorities and British Airways will be prepared at the forthcoming Bermuda negotiations to stand firm against American pressure because otherwise the load factors will no doubt increase but, as Mr. Hammarskjold implies, at the expense of the airlines' profitability.

Robert McCrindle.

House of Commons, SW1.

Easily found information

From the Press Assistant Freedom of Information Campaign

Sir,—Your "Men and Matters" reporter (October 5) at the Labour Party's Blackpool Conference who found "information hard to find" seems to have entirely missed the point of campaigners from our group being present the day before the main freedom of information debate.

Delegates were presented with an early early day motion calling on the Government to honour its manifesto pledge on open government, and asking the delegates to support the motion. It also included the promised quotation sent to us by Tony Benn. The following day's overwhelming vote for freedom of information laws and reform of the Official Secrets Act was rewarding after three years of hard campaigning, which included the introduction of the first two Freedom of Information (draft) Bills introduced into the House of Commons. The continuous expansion of our campaign since 1975 and its all-party nature is in itself an indication of the willingness of people to set aside differences and co-operate in obtaining the basic democratic right to know how our money is spent and what government is doing in our name.

If your reporter had succeeded, in his struggle to obtain information, in contacting Tony Benn himself, he would have learned that the Energy Secretary is in fact in direct contact with us.

Joe King.

8, Elsiedene Road, N21.

Skilled worker shortage

From Mr. J. Stride

Sir,—Having been employed by a company within the Lucas Group as a skilled blue collar worker for many years, I read with interest the three articles by Richard Cowper (September 25, 26 and 27) regarding skilled worker shortage.

Here in tabulated form is the relative benefit of the pension scheme operated by my employer for works and staff, the sickness benefit scheme operates in a similar way, giving the staff employee considerably more benefit than the skilled worker; as details of this scheme, however, are difficult to obtain I will confine my letter to the pension scheme.

I think it is relevant to say here that after 37 years' service with the company my maximum sickness benefit is 12 weeks' net pay, for six weeks of which the company will pay my pension obligation, and it is only since 1976 that I have been paid average earnings for holidays. From the following and the foregoing it is obvious why there will continue to be a shortage of skilled workers.

The tables assume that two employees join the pension scheme at 22½ years old: One in a clerical capacity to the staff, the other a time-served apprentice to the works, each earning £4,000 per annum.

Staff

1/60th
Full retirement at 62½ years.
£4,000 x 40 years.
Full pension at 62½ years.
£2,560 p.a. = £49.23 per week.
Maximum lump sum £6,000 taken reduces pension by £600 p.a. to give £37.69 per week.

Cost for 40 years	£9,600
Less tax	£3,264
Net cost	£6,336

Death benefit = £4,000.

Works

1/80th. *Government minimum*
Full retirement at 65 years.
£4,000 x 42½ years.
Full pension at 65 years,
£2,125 p.a. = £40.86 per week.
Maximum lump sum £6,000 taken reduces pension by £660 p.a. to give £28.17 per week.

Cost for 42½ years	£7,650
Less tax	£2,601
Net cost	£5,049

Death benefit = £2,000.

During the extra 2½ years' service of the works employee, the retired member draws a total pension of £4,900 plus any benefit from the lump sum if invested, plus £6 per week bridging pension until receipt of state pension

J. Stride

85, Chatsworth Crescent, Hounslow, Middx.

Unemployment benefits

From Mrs. H. Parker

Sir,—I have followed with interest the correspondence in your columns on unemployment benefits, and it seems to me that two separate questions have become confused. The first is whether or not spending power differentials in and out of work are now too small, and the second is the extent to which the unemployment figures are affected by this anomaly.

The first is proven beyond all reasonable doubt. The Chancellor himself has said so publicly on a number of occasions. Those worst affected are family men and school leavers, but anyone with low earnings potential is likely to find work not worth while for an indefinite period, once tax and work expenses are taken into account. And, because of the tax refund anomaly, people earning up to £95 a week are likely to be better off out of work during the first six months of unemployment.

The second question is more difficult to prove. Nevertheless, Clare Denneby of the Child Poverty Action Group and Jill Sullivan of the Low Pay Unit both found ample evidence in Liverpool in 1976 of unemployed people who could not afford to work (Frank Field: "The Conscript Army" Ch 5). W.W. Daniel and Elizabeth Stilgoe also found a direct correlation between duration of unemployment and benefit entitlement in their recent follow-up survey of the unemployed. (PEP "Where are they now?")

Imagine the position of a father with two children aged 16 and 14. He is unskilled and has never earned more than £55 a week. Made redundant, he has a guaranteed tax-free minimum income (SB) of £39.75, with no housing costs, no work expenses, free school meals for his children and a host of other means-tested benefits. Additionally he and his wife may earn up to £6 a week between them tax-free without loss of benefit. For this man a job paying £65 a week would be marginally worthwhile, but only provided work expenses do not exceed £2.10 a week and housing costs £8.65. How far can he travel for £2.10 a week? And if he holds out for a job at £65 within a £2 travelling radius from home, how long will he have to wait?

The reason why work is no longer worth while is not because benefits are too high but because the net rewards for work are too small. We have a minimum income (SB) of £39.75, with no no minimum wage for those who work. Tax is charged on earnings below supplementary benefit level. For two children aged 16 and 14 the parents receive £4.60 when working and £16.30 on SB.

Fortunately for Britain most people still work, despite the system. But they are increasingly angry and frustrated, and this frustration shows itself in a number of ways, not least in wage demands which appear excessive, but which are actually the only way by which family men can escape the effects of the poverty trap.

Mrs. Hermione Parker,
(Research Assistant to Ralph Howell, MP),
Nettlefield,
Pirbright Surrey.

Pitifully low productivity

From Rowena Mills

Sir,—Ruth Lister (October 2) is absolutely right when she says that the answer to the whole problem lies in a return to a high level of economic activity, but increased economic activity rests on increased demand. We will not get increased demand until we achieve increased productivity and as Kenneth Macintyre says (October 5) it is at present "pitifully low."

Increased productivity basically rests on reducing or containing costs and increasing effort. However, costs can only be increased by the wage inflation inherent in the whole system of tax free benefits. Effort will only be increased when there is increased incentive.

It would seem that a greater part of the solution must lie in a complete restructuring of the tax system. Currently our marginal levels of tax are at a higher level than in any other developed country with the exception of Sweden—a very Left-wing administration (and look what happened to that yesterday!)

Our tax thresholds are now at around 50 per cent of the average manual wage. These are also the highest in the developed world. At the inception of the Welfare State the tax threshold stood at 103.8 per cent. In other words, nobody earning the average wage or below paid any tax whatsoever, whereas now tax liability begins at around half that wage. Were these thresholds increased radically, the attraction of tax-free benefits would immediately pall and the incentive for workers in industry to increase their effort would be supplied.

Ruth Lister implicitly criticises me in so far as she believes taxing benefits would hit the low paid with many children. These people can be helped not by higher and higher taxation to pay for these benefits but by the suggested restructuring of the tax system with the introduction of a tax credit scheme.

From whence will be derived the revenue to compensate for the increase in the tax threshold? From a very real increase in real incomes which will accompany radical increases in incentives and hence an increase in productivity from those "pitifully low levels" which Mr. Macintyre describes.

Rowena Mills,
Highercombe Road,
West Grays.

Locating export customers

From Mr. J. Hazel

Sir,—Obtaining export business is admittedly not easy, but it can be made much easier by taking advantage of the wide local knowledge of the Consul (Commercial) and his staff. Indeed they can usually cut down the amount of time one needs to spend locating potential customers by half. And yet many manufacturers' export managers fail to make contact.

I have just returned from a trip to Zurich and in the space of 36 hours, thanks to the Consul and his staff, I was able to make contact with all the leading potential importers of consumer durables primarily in the building materials field. I was very surprised, and gratified, at the amount of knowledge and experience available and the enthsiasm with which assistance was proferred.

I would urge all exporters, and especially potential exporters, to make the local Consulate General their first port of call but Telex first to let them know of your intended visit and indicate the kind of information you would welcome.

John Hazel,
Wivelrod Farmhouse,
Nr. Bentworth, Hants.

Real military precision

From Lt. Col. C. P. M. Mulloy

Sir,—Like Major General Cowley (October 5) my war on moles has passed from the defensive to the offensive. Reconnaissance shows that the mole "surfaces" punctually every four hours. Hence, as his direction of advance is usually evident, the enemy can be attacked with real military precision!!!

Michael Mulloy.
The Old Vicarage,
Tonge,
Sittingbourne, Kent.

Today's Events

GENERAL

Conservative Party Conference to debate emergency motion on Rhodesia condemning Government for failing to use opportunity presented by the internal agreement to establish a democratic government there: Mr. Edward Heath addresses Conservative Youth Forum.

Mr. Huang Hua, Chinese Foreign Minister, visiting the UK, meets Mr. James Callaghan, Prime Minister, and Dr. David Owen, Foreign Secretary.

Meeting of Trades Union Congress economic committee—discussions on pay formula and inflation.

Pre-Motor Show statement by Sir Barrie Heath, president of the Society of Motor Manufacturers and Trades Association.

Confederation of Shipbuilders and Engineering Unions expected to receive full report on working party agreement for shipyard wages.

Japan and USSR begin three-day bilateral trade talks, Tokyo.

Mr. Edmund Dell, Secretary for Trade, visiting Canada and the U.S.

European Parliament in session, Strasbourg.

Sir Peter Vanneck, Lord Mayor of London, attends luncheon with chairman and the Board of National Coal Board at Hobart House, Grosvenor Place, S.W.1.

London Chamber of Commerce and Industry trade mission continues talks in South Korea.

MPs, representatives of local authorities, and Freight Movers from London and the Midlands, view Port of London at invitation of London Riverside and Docks Trade Promotion Committee.

Professor R. H Macmillan presents Inaugural Professional Lecture at Cranfield Institute of Technology, Bedford, on "Symmetry in Art and Nature."

COMPANY RESULTS

Final dividends: Consolidated Gold Fields. Lawtex. Lockwoods Foods. London and Strathclyde Trust. Moran Tea Holdings. Wombwell Foundry and Engineering. *Interim dividends:* Altifund. Christies International. Collett Dickenson Pearce International. Empire Stores (Bradford). External Investment Trust. E. Fogarty and Co. William Pickles and Co. Transatlantic and General Investments. Weeks Associates.

COMPANY MEETINGS

Ellis and Everard, Grand Hotel, Leicester, 12. Group Lotus Car Companies, Norwich, 12.15. Muar River Rubber, Plantation House, Mincing Lane, E.C., 12.30. Suter Electrical, 55, Basinghall Street, E.C., 11. Warner Holidays, Waldorf Hotel, Aldwych, E.C., 12.

SPORT

Soccer: League Cup, third round replay, Reading v Rotherham. Rugby League: Warrington v Australians. Badminton: World Championship night, Wembley.

COMPANY NEWS

Grattan down 26% so far after catalogue setback

A DISAPPOINTING performance from its spring/summer catalogue, combined with increased expenses resulted in a 26 per cent drop in pre-tax profits of **Grattan Warehouses**, the mail order firm, from £6.09m to £4.47m for the 28 weeks to August 12, 1978. Sales, net of VAT, were up £4.73m to £84.11m.

Mr. J. M. Pickard, the chairman, says the spring/summer catalogue got off to a good start, but demand fell off in May and June, although it improved before the end of the season.

Demand for the new autumn/winter catalogue is up to expectations but has tended to concentrate in the fashion sections of the catalogue, he states. It is, therefore, too early to forecast whehter this demand can be fully satisfied and be translated into a significant sales increase.

The directors are planning further increases in the number of lines in the catalogue and a stepping up of recruitment of new agents, which combined with a more competitive pricing policy, reflects the company's strategy to increase sales and future profitability, Mr. Pickard explains.

	28 weeks 1978 £000	1977 £000	Year 1977-78 £000
Sales	90,654	87,471	186,663
VAT	6,544	8,091	11,940
Net sales	84,110	79,380	174,723
Trading profit	4,680	6,465	12,258
Interest paid	213	375	494
Profit before tax	**4,467**	**6,090**	**11,764**
Taxation†	2,323	3,167	6,305
Net profit	2,144	2,923	5,459

† Including deferred.

At the same time, work on sales office computerisation and distribution systems is being intensified, all of which are part of the company's planned medium-term programme to improve both capacity and speed of service. In the short-term, expenses will increase as a result of this but the directors have instituted a major new cost reduction programme throughout the business.

The net interim dividend is 1.786p (1.76p) per 25p share, costing £785,840 (£774,400) — the previous year's final was 3.802p paid from £11.76m taxable profit.

See Lex

Mr. Gordon Palmer, chairman of Associated Biscuit Manufacturers. . . . profits virtually unchanged reflecting difficult UK trading.

Bowthorpe sees peak after £0.3m increase

INCLUDING ASSOCIATE contributions ahead from £86,000 to £265,000 taxable profit of **Bowthorpe Holdings** increased from £3.01m to £3.3m in the first half of 1978. Directors expect the level of profit to be maintained for the rest of the year, pointing to an increase on last year's record £5.02m.

Turnover for the half year was £3.06m higher at £21.89m and after tax of £1.56m (£1.23m) and minority interests attributable profit is given at £1.64m (same). Earnings per 10p share are shown unchanged at 4.1p.

A maximum permitted interim dividend of 0.838p is to be paid compared with 0.75p last time. For 1977 an 0.87p final was paid.

The group is concerned with the design, manufacture and sale of accessories and components mainly for use in the electronics, telecommunications, aerospace and electric supply industries.

Directors say the contribution from Compagnie Deutsch, a French associate, improved considerably over the corresponding period of last year. The U.S. subsidiary, Tyton Corporation, has moved into new, larger, premises and continues to make excellent progress.

In the UK the move of Hellermann Electric from Crawley to Plymouth has been accomplished without any reduction in sales activity.

Mr. Ray Parsons, deputy chairman, says that while he is concerned that the unsettled situation on the national pay front could adversely affect the UK economy, he anticipates that the current level of profits will be maintained for the remainder of the year."

● comment

Bowthorpe's first-half results are much in line with the company's forecast in the annual review. Against a background of depressed markets for electrical accessories and components, profits are a tenth higher on a sales rise of 16 per cent, a figure which contains little volume gain. As in the previous year, most of the growth appears to have come from overseas subsidiaries (around half of group profits), which have benefited from the stability of sterling. In addition, the Cie Deutsch associate has made a strong recovery, thanks to higher prices and increased output. But at home the immediate outlook remains dull with the uncertain wages picture casting a shadow over the medium term. Also, the re-organisation of EMP is taking longer to complete than at first anticipated. However, last year's £4m expenditure programme in Germany, the U.S. and the UK should start to make an impact soon and there will be a small contribution from Redpoint, the new acquisition. If the company's forecast of doubled first-half profits is achieved, then the shares, at 65p, are on a prospective p/e of 8.8 while the yield is 4.2 per cent.

Associated Biscuit steady at £4m as UK side drops £1m

WITH A £1.03m drop in UK trading profits offset by an increase overseas from £0.6m to £1.87m taxable profit of **Associated Biscuit Manufacturers** was little changed at £4m compared with £4.02m in the 36 weeks to September 10, 1978. Sales for the period were ahead from £116.54m to £129.18m.

Mr. G. W. Palmer, the chairman, says that in the current uncertain economic and political climate it is unwise to make any forecast for the year. For 1977 profit was a record £10.55m.

He says the difficult UK trading conditions referred to at the AGM have continued and particularly affected profitability in the chocolate and specialty division and the packaging and light engineering division.

Profits from France were satisfactory and Canada is showing an improvement. In India the holding in Britannia Biscuit Company has been reduced from 53 per cent to 38 per cent. and its profits were adversely affected for some months by a prolonged strike at its Bombay factory.

The pre-tax profit is after interest of £1.14m (£0.94m) and includes associate contributions of £723,000 (£767,000). Net profit came out at £2.28m (£2.94m). After minorities of £93,000 (£90,000 credit) earnings per 20p share are shown down from 6.6p to 4.3p.

The interim dividend is lifted from an adjusted 1.4057p net per 20p share to 1.65p. A total of 3.53p is permitted for the year. Last time a 1.686p final was paid.

● comment

ABM has faced some tough problems in the home market, but thanks to a recovery overseas half-time pre-tax profits are unchanged. A reshuffle of its biscuit salesforce to cut costs, initially caused a drop in sales. This came at a time when industry sales were weak, particularly in plain biscuits, where volume fell by 15 per cent, and this damaged ABM's sales of cream crackers. But biscuits were only part of the problem. About £600,000 of the £1m setback in UK trading profits is attributable to OP Chocolate and the small packaging company. OP was affected by a fall in demand for wafers and the packaging company (traditionally a highly cyclical operation) was caught by a drop in demand for tea tins. Overseas, notable performances have been achieved in Canada (though in sterling terms it is less exciting) and in France. Two recent overseas buys, Salerno and Dickmann, should make an impact in the second half and with better UK biscuit sales the outlook is better. One outside estimate is pitched at close to £10m pre-tax for the year. However the new management still has a lot of work ahead to transform this historically rather sleepy company. Plans to produce more "own brand" biscuits, new products and cost cutting combined with acquisitions overseas are all of a more medium to long term nature. At 82p the historic p/e of 5.2 and prospective yield of 6.6 per cent take little account of the longer potential.

HIGHLIGHTS

Despite market optimism **Grattan Warehouses** has failed to buck its disappointing profits trend with the first-half shortfall at over £1½m and the Board is now pledged to a three-year programme to put the company back on its feet. Lex also takes a look at the latest banking and government borrowing figures as well as the new Treasury controls on dividends. Half-time profits at **Associated Biscuits** are unchanged with a better showing overseas offsetting a rather sluggish UK market, but the outlook looks more encouraging. **Amalgamated Engineering** is another company that has slowed right down in the first six months following a couple of years of rapid growth. In contrast **Farnell Electronics** has turned in a sparkling first-half performance with profits 62 per cent higher and there seems to be no slowdown in the pace. **Waterford Glass** is another to show sound growth with profits over 30 per cent higher at the interim stage, but **Bowthorpe**, in a rather depressed market, has turned in profits only 10 per cent higher.

Waterford Glass up £1m after six months

A £1.1M advance in taxab[le] profits to £4.72m is reported [by] Waterford Glass for the first si[x] months of 1978. Turnover fo[r] the period was ahead from £45.25m to £57.11m.

The result is after interes[t] charges of £638,000 (£566,000) and depreciation of £408,000 (£3..,000). After tax of £1.57m (£1.29m), ne[t] profit emerges at £3.16[m] compared with £2.34m last tim[e].

Minority interests take £104,0[00] (£68,000) and earnings per share are given at 2.4p (1.74p). The interim dividend is stepp[ed] up from 0.5625p to 0.75p. [In] 1977, from record profits [of] £9.23m, a 0.7395p final was pai[d].

● comment

Another strong first half has p[ut] Waterford well within shooti[ng] distance of its 24th successive ye[ar] of record result. Above avera[ge] growth in consumer spending [in] Ireland has underpinned a go[od] performance by the retail div[ision] but in domestic car retailing ma[r]ket share is being eroded by a hi[gh] level of imports, particularly fro[m] Japan. But the group's best kno[wn] activity, its crystal and china pro[]duction and sales, continue to [be] its profit powerhouse. Price [in]creases have offset the effects [of] the weakening in the U.S. dol[lar] and export sales in sterling ter[ms] are in line with budget while m[ar]gine have been maintained. [The] share price edged 1p higher [to] 58p which, assuming a full-y[ear] pre-tax figure of around £11[m] gives a fully taxed p/e of 14.4. [If] the first half rate of divid[end] increase is maintained for the [full] year the prospective yield is [] per cent. At this level the sha[res] look fully priced even allowing [for] the fact that Irish stocks are do[ing] better than their English coun[ter]parts. Waterford has a fine pr[ofit] growth record but the current [rate] of increase does not appear [sus]tainable in the medium to l[ong] term.

APE just ahead at midway

TOGETHER with reporting a rise in pre-tax profits from £2.93m to £3.11m for the first half of 1978, the directors of **Amalgamated Power Engineering** forecast a modest improvement in results for the second half of the year.

The net interim dividend is stepped up from 2.64p to 2.946p at a cost of £404,513 compared with £362,251. The directors intend to pay a maximum permitted final. Last year's total payment was 5.28p from profits of £6.29m.

	Half-year 1978 £000	1977 £000	Year 1977 £000
Turnover	32,396	27,632	56,145
Trading profit	3,175	2,988	6,474
Interest	149	182	377
Share of Assoc.	86	125	189
Profit before tax	**3,112**	**2,931**	**6,286**
Tax	718	676	1,430
Profit after tax	2,394	2,255	4,856
Attributable	2,394	2,255	4,856

Orders on hand at June 30 amounted to £67.5m against £61.4m at January 1, 1978 and £56.5m at June 30, 1977. This is a satisfactory position which is expected to be maintained, the directors state.

● comment

In the past two years, following the setbacks of 1973-75, pre-tax profits at Amalgamated Power Engineering have more than quadrupled. Growth, however, has now slowed down with interim profits this time only 6 per cent ahead and margins a full point lower. The overseas contribution is down with the stronger pound making competition tough. But orders have now picked up in South Africa and, despite continuing difficulties in Australia, the second half should show some improvement. At home the profit increase has largely come from diesel engines and here APE seems to be doing better than some of its rivals. Demand for compressors and turbines is good and the outlook for pumps is reasonable. Gears, however, continue to present the biggest worry. Formerly dependent on the new depressed tanker market, orders in this field have been difficult to replace. The shares fell 7p to 149p where on full year profits of £7m the prospective fully taxed p/e is just under six. This seems an undemanding rating given the company's cautious optimism not only for the second half but for next year as well. The yield is a reasonable 5.9 per cent.

BRAID GROUP

Braid Group, North West car and commercial vehicle distributors, mainly Vauxhall, has acquired for cash the capital of **Rowland Winn (Barnsley)** and **Rowland Winn (Batley)**, also Vauxhall distributors.

First half advance at Farnell

WITH TURNOVER up £2.1m to £10.64m, taxable profits of **Farnell Electronics** advanced from £1.13m to £1.83m for the half year to July 31, 1978. Last year, a record £3.14m was achieved.

First half earnings increased from 8.8p to 14.2p per 20p share and the interim dividend is lifted to 2.5795p (2.31p) net—the 1977-78 final was 4.29p.

After a tax charge of £952,000 (£589,000) net profits for the period rose from £543,000 to £879,000. Dividends absorb £160,000 (£143,000).

Mr. A. E. Long, the chairman, will retire on January 31, 1979, and is to be succeeded by Mr. R. Kidd.

● comment

Farnell's first-half results pleased the market and the shares jumped by 10p to 430p. Profits are 62 per cent higher on a sales rise of a quarter, thanks to a strong performance by the two main subsidiaries, FEC and FI. Strong volume growth of around a fifth, which is similar to last year's second-half gain, reflects an improving market share in a prime-growth industry. Apart from AC Farnell (consumer electronic goods), the company is now almost exclusively involved in the manufacture of power supply units and the distribution of semi-conductors. Last year the loudspeaker factory was closed because of production problems and low demand. The only disappointment in the results has been the exports performance, which has been hindered by the stronger pound. Otherwise, with business buoyant, the prospects continue to look good. If Farnell can continue to achieve volume growth at the same rate as in the past 12 months, then at least £4.2m looks possible for the full year. At this level the shares stand on a prospective p/e of over 13 while the yield is 2.6 per cent.

Midterm rise for Cartwright

FROM TURNOVER of £3.07m against £2.42m previously, taxable profit of **R. Cartwright (Holdings)** advanced £93,400 to £392,000 in the first half of 1978.

Mr. J. C. Northam, chairman of the maker of door and window furniture etc., says satisfactory progress is being maintained despite the continuing low level of activity in the building industry. The contribution of group companies not directly involved in that industry continues to increase. For 1977 profit was a record £665,000.

The result is subject to tax of £203,800 (£154,600) and net profit came out at £188,200 (£142,000). Depreciation for the period was £74,800 against £66,200.

Earnings per 10p share are shown ahead from 3.86p to 4.64p and the interim dividend is up from an adjusted 1.3636p to 1.5p net. Last time a 2.2727p final was paid.

W of E Trust progress

The accounts of **West of England Trust** reflect both the remarkable success of its investment management subsidiary Tyndall, in the year to the end of June. Profits after tax increased from £264,000 to £684,000, pushing the group total up from £646,000 to £1.29m, and reorganisation of the industrial and commercial interests of the group to bring in three new wholly owned subsidiaries.

A high level of retentions and the realisation of surpluses on both the sale and revaluation of investments, and the revaluation of assets of newly acquired subsidiaries — has pushed shareholders' funds up by just over £2m to £9.13m.

However, both stocks (up from £312,000 to £1.17m) and debtors (up from £1.61m to £2.68m) reflect the increase in the industrial interests, following the acquisition of outstanding stakes in Matthias Spencer, John Vessey and Woodberry Chilcott.

Mr. Ernest Harbottle, chairman, says that the group now has the financial resources necessary to take advantage of any profitable opportunity which may arise. He also says that the level of profitability of group activities since the end of the accounting period has been maintained.

Perkin-Elmer rises to £1.8m

From turnover of £14.17m compared with £10.97m pre-tax profit of **Perkin-Elmer** rose from £1.64m to £1.82m in the June 30, 1978 year. After tax of £995,000 against £830,000 net profit came out ahead from £0.81m to £0.83m.

The company is a subsidiary of Perkin-Elmer Corporation of the U.S. and its principal activity is the manufacture of scientific analytical equipment. A dividend of 45p (20p) is to be paid.

EPIC well ahead to £524,000

THE AVAILABLE group surplus of **Estates Property Investment Company** more than doubled from £227,000 to £524,000 in the April 30, 1978 year. At halftime the surplus was up from £81,000 to £167,000.

Gross rents for the year were £2.43m (£2.01m) and net property income was £2.01m (£1.59m). Interest charges were unchanged at £871,000 leaving the pre-tax profit at £1.14m (£0.72m). Tax took £343,000 (£185,000), and the net interest arising in the UK on its Belgian development was £268,000 (£303,000).

The available surplus is after realised capital profits less capital charges totalling £34,000 (£448,000), net outgoings attributable to development properties of £37,000 (£36,000) and a transfer from capital reserves of £3,000 compared with a £412,000 transfer to reserves last year.

Earnings per share are given at 3.58p (1.55p) and the final dividend of 1.359p lifts the total from 1p net per 25p share to a maximum Treasury permitted 2.359p.

Directors say the final documentation on its Brussels development is in the course of being agreed, and they hope to make a

Hawtin set to restore dividends

IN LINE with the fur[ther] improvement forecast at the annual meeting, pre-tax profit [of] Hawtin rose from £349,000 [to] £440,000 for the six months [to] July 31, 1978, on turnover [of] £3.69m against £3.54m. Last y[ear's] surplus was £733,000.

The directors state [that], subject to satisfactory prog[ress] continuing during the second [six] months, a recommendation [for a] return to the dividend list [can] be anticipated with the pu[blica]tion of full year results—the [last] payments were in 1973.

First half profits were a[rrived at] after interest of £26,000 (£4..) with comparative figures in[clud]ing results from E. Hollingworth and Son and S[afety] Specialists (Biggleswade) [from] April 1, 1977.

Earnings per 5p share [are] shown ahead from 0.61p to [] before extraordinary items.

After tax of £180,000 (£129,...) minorities of £2,000 (£1,000) [and] an extraordinary £170,000 ([] last time, retained pr[ofit] emerged up from £170,000 [to] £246,000.

The group's interests a[re in] protective clothing and sa[fety] equipment.

Two Sears companies improve

Two Sears Holdings subsidia[ries] reports much improved result[s for] the opening first half of [] while the subsidiary Mappin [and] Webb reports a dip in pre-tax [pro]fits from £1.11m to £1.09m in [the] July 31, 1978, half year.

Turnover at Mappin and W[ebb] was £13.53m (£11.63m) and the [re]sult was after interest of £22.. (£119,000) and non-trading pr[ofits] of £53,000 (£3,000 loss). Tax [] £610,000 (£615,000).

At Sears Engineering last ye[ar's] pre-tax loss of £967,000 was [con]verted into a £196,000 profit a[fter] interest charges of £1.15m (£1.5..). After tax of £150,000 (£400,... credit) net profit was £46.. (£567,000 loss).

British Shoe Corporation's p[rofit] jumped from £16.58m to £22. [] after an niterest credit of £8.. (£416,000 charge) and non-tra[ding] items of £174,000 (£502,000). A[fter] tax of £12.6m (£9.2m) net p[rofit] was £10.15m (£7.38m).

Ruberoid almost trebled at half way

TAXABLE PROFIT of **Ruberoid**, building products, specialist sub-contracting, paper and plastics group, almost trebled from £159,000 to £450,000 in the half-year to June 30, 1978. Turnover was up 7.6 per cent at £15.69m against £14.58m.

Mr. Thomas Kenny, chairman, reports that all the operating companies contributed to the improvement in profit, especially the construction company.

He says the glass tissue project is not yet profitable but that losses have been sizeably reduced. There are better prospects for the future of the venture but it will not happen immediately. The financial condition of the group remains strong.

The group operates in a depressed sector of the economy but there are signs of improvement, says Mr. Kenny. The construction and paper industries are not yet showing the promised recovery but indications are that the profit for 1978 will exceed the £0.85m achieved in 1977. The interim dividend is lifted from 0.7p net per 25p share to 0.77p. A 1.5574p final was paid last time.

NEW BABCOCK COMPANY

A NEW company, Babcock Electrical Projects has been formed by Babcock Contractors, as part of its turnkey operations division.

The company will be created from the electrical division of Babcock-Moxey and the electrical projects-unit of Babcock Industrial and Electrical Products and wil provide a full turnkey electrical engineering service for the process industries at home and overseas. The company will be based in Gloucester.

Intnl. Timber conversion

Holders of £1,112,552 10 per cent convertible unsecured loan stock 1990-95 in **International Timber**, exercised their right to convert on September 30. Following that conversion, ordinary units in issue total 17,820,712 and there remains in issue £989,075 of the loan stock.

As the balance of the loan stock outstanding is less than 20 per cent of the £4,971,936 loan stock that was issued, the company intends to convert the remaining loan stock into ordinary shares on November 30 in accordance with the provisions of the trust deed.

Compulsory conversion notices will be posted to loan stock holders by the end of October. The maximum number of ordinary units which could be issued would be 1,098,972 making a total of 18,919,684.

The company has been advised by Montague L. Meyer that, following conversion of September 30 of the Meyer holding of loan stock, the total of ordinary units held by Meyer is 2,308,888 (12.84 per cent). Assuming full conversion into ordinary units of the remaining loan stock on November 30. This will be reduced to 12.20 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Amal. Power ....int.	2.95	Jan. 2	2.64	—	5.28
Associated Biscuit ......int.	1.65	Jan. 2	1.41*	—	3.09
Barr & Wllace Arnold int.	1	Dec. 8	—§	—	3.72
Bowthorpe Hldgs. ...int.	0.84	Dec. 15	0.75	—	1.71
R. Cartwright ....int.	5	Nov. 17	1.36*	—	3.64*
Estates Property	1.36	Nov. 30	0.5	2.36	1
Farnell Electronics ...int.	2.58	Nov. 24	2.31	—	6.6
Grattan Warehouses int.	1.79	Nov. 24	1.76	—	5.56
J. Halstead	0.58	—	0.33	0.8	0.33
T. C. Harrison ....int.	1.54‡	Jan. 3	1.34	—	4.00
Howden-Stuart ....int.	0.45	Dec. 12	0.35*	—	1.08*
Highland Electronics ...	1.19	—	1.07	1.19	1.07
Inter-City Investment int.	0.6	Dec. 11	0.2	—	0.6
Ruberoid	0.77	Nov. 28	0.7	—	2.26
Scottish Metropolitan	1.07	Jan. 6	0.95	1.97	1.77
Waterford Glass ......int.	0.75	—	0.56	—	1.3
Watts, Blake, Bearne int.	1.13	Nov. 20	1*	—	2.8*

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes 0.0416p for 1977. § Interims previously not paid.

ISSUE NEWS

Yearlings up to 10.625%

The coupon rate on the local authority yearling bonds is up from 10½ to 10⅝ per cent. The bonds are issued at par and dated October 17, 1979.

This week's issues are: Kirklees Metropolitan Borough Council (£½m), Walsall Metropolitan Borough Council (£½m), Preston Borough Council (£¼m), City of Sheffield (£2¾m), Birmingham District Council (£2m), City of Leeds (£½m), City of Glasgow District Council (£1½m), Borough of Pendle (£½m), West Oxfordshire District Council (£½m), Malvern Hills District Council (£½m), Wellingborough District Council (£½m), Motherwell District Council (£1m).

City of Bristol has raised £½m of 12¾ per cent Bonds at par dated October 6 1982.

Three councils have raised five year variable stocks priced at £99¾ per cent and dated October 5, 1983. These are West Oxfordshire District Council (£½m), City of Wakefield Metropolitan District Council (£½m), City of Bristol (£½m).

DANKS SCRIP

Directors of Danks Gowerton announce proposals to issue by way of capitalisation one new ordinary 25p share for each existing ordinary share.

RIGHTS RESULTS

Reliance Knitwear's recent one-for-four rights issue has b[een] taken up as to 97.35 per cent.

The shares offered to Lo[ndon] and Midland Industrials's sh[are]holders by way of rights h[ave] been taken up as to 87.5 per c[ent]. The balance has been sold in [the] market.

Wearwell's rights issue of 3.. shares has been accepted by sh[are]holders representing 93.77 [per] cent of the issue. The bala[nce] has been sold at a premium.

Howden Group's rights issue [of] 3.84m shares at 65p each has b[een] taken up as to about 96 per c[ent] of the issue. The balance [has] been sold in the market.

WATER OFFER

Rickmansworth and Uxbri[dge] Valley Water Company is goin[g to] raise £2½m by way of an offer [for] sale by tender of 7 per c[ent] redeemable performance st[ock] 1985 at a minimum price [of] £97.50 per cent.

52% rise by Hewden Stuart at six months

N THE six months to July 30, 978, profits of Hewden-Stuart lant rose by 52 per cent from 2m to £3.34m. Although stating hat it is too early to make a orecast for the rest of the year he directors do say that figures dicate that profits in August lowed an advance on the rresponding period and they e no reason why the trend ould not continue.

First-half turnover increased 41 er cent from £29m to £42m. here was, however, only a odest movement in profit argins which the directors scribe as remaining at "totally realistic levels."

They state that in the half-ar, capital expenditure reached 0m, reflecting the fact that ices of machinery have risen approximately 170 per cent ice 1974, bringing the total penditure since that time to er £45m.

They add that if they are to ntinue to maintain and develop e company, the capital must found from higher profit argins.

All divisions, with the excep-n of crane hire, substantially proved profitability and turn-er during the six months.

The interim dividend is in-ased from a adjusted 0.35p to 5p net, on stated earnings ead from 4.135p to 6.105p per share. Last year's total was uivalent to 1.064p from profits £4.39m.

	Half-year 1978 £	1977 £
ding profit	7,240,577	5,676,443
preciation	3,395,155	2,727,425
rest	590,714	710,258
up profit	3,344,768	2,238,752
orities	202 202	189 513
ributable	3,124,505	2,048,939
including ACT	117,431	91,574
idend	220 390	176,244
entions	2,780,775	1,778,721

UK volume increase lifts Amey Roadstone by 75%

A JUMP of 75 per cent in pre-tax profits was announced yesterday by Amey Roadstone Corporation, the roadstone, concrete and civil engineering group.

Pre-tax profits rose from £18.13m last time to £31.67m, on turnover up from £159.7m to £277.4m.

ARC says the company's strong position was due to a good increase in profitability from UK operations—which accounted for £26m of total profits—and the inclusion for the first time of results from the U.S. subsidiaries acquired at the start of the year.

A small but perceptible rise in the volume of work available in the UK is behind the improved domestic results, with the greatest volume increase in dry stone sales. Profit from the precast concrete product group rose substantially, again reflecting the acquisition of U.S. concrete operations.

In the UK, both civil engineering and surfacing activities produced record results, supported by the settlement of outstanding contracts. Diversification and increased activities in building and general construction continue to produce growth in a "quiet market."

Overseas, ARC says that U.S. activities now spread from Florida to Washington State, with the major investment involved in the production of concrete pipes. There is, however, also significant involvement in aggregate, asphalt and ready mixed concrete.

The company is now also established in the Middle East and its associate operation in Nigeria has a continuing substantial workload for the immediate future. The company's total forward order book is at a record £50m and the previous level of growth should be maintained this year, say the directors, although performance remains largely dependent on Government policies at home and abroad.

Investment during the year reached £56.2m and, apart from the U.S. expansion, ARC acquired the Harrison Companies—operating quarries and ready mixed concrete plants in the North of England—and Gilmans Masonry. "Substantial progress" has been made in the modernisation of plant and vehicle holdings and are benefiting from the resulting improvement in efficiency.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Altifund, Christies International, Collett Dickenson Pearce International, Empire Stores (Bradford), External Investment Trust, E. Fogarty, Hunting Associated Industries, William Pickles, Transatlantic and General Investments, Weeks Associates, Wombwell Foundry and Engineering.

Finals: Consolidated Gold Fields Corporation Syndicate, Lawles, Lockwoods Foods, London and Strathclyde Trust, Moran Tea, Sirdar, Tweefontein United Collieries.

FUTURE DATES

Interims—	
Bourne and Hollingsworth	Oct. 13
Bradley's Stores	Oct. 13
Clayton, Son	Oct. 27
Coates Brothers	Oct. 19
Dorrington Investment	Oct. 16
Dunbee-Combex-Marx	Oct. 18
Duport	Oct. 18
Erith	Oct. 17
Fothergill and Harvey	Oct. 12
Glossop (W. and J.)	Oct. 12
Hawker Siddeley	Oct. 19
House of Lerose	Oct. 19
Hunting Gibson	Oct. 12
Securities Trust of Scotland	Oct. 18
Sphere Investment Trust	Nov. 9
Wood and Sons	Oct. 16
Finals—	
Cedar Investment Trust	Nov. 7
Construction Holdings	Oct. 27
Courtney Pope	Oct. 13
Howard and Wyndham	Oct. 12
McKechnie Brothers	Oct. 26

Sharp rise for James Halstead

FOLLOWING A rise from £82,371 to £103,384 at midway, pre-tax profits of James Halstead (Holdings) jumped from £196,590 to a record £785,333 for the year to June 30, 1978, on turnover of £18.2m against £15.46m.

At the attributable level, profits were £479,575 compared with £362,491, after a tax charge of £323,318 (£108,904 credit) and £17,560 (£56,997) extraordinary credits, relating mainly to the surplus arising on the cancellation of debenture stock.

Stated earnings improved from 2.79p to 4.25p per 10p share and a final dividend of 0.584p net lifts the total payment from 0.325p to 0.804p. Dividends absorb £95,627 (£42,434), leaving retained profits at £385,948 against £320,057.

The group makes vinyl floorings and accessories, waterproof clothing, etc.

Midway jump at Inter-City

A JUMP in taxable profit from £105,000 to £307,000 is reported by Inter-City Investment Group for the first six months of 1978. Turnover for the period was up from £4,505,000 to £4,737,000.

Mr. J. Harris, the chairman, says the improvement was almost entirely due to the wholesale distribution division. He says that with the change in the balance of the group's activities over the past few years this division is now the principal activity and will continue to be so.

The benefits of the change in balance would have been seen earlier but for the extremely adverse trading conditions of 1976. The return to more normal trading conditions has allowed the new sales policy to become established.

Third-quarter trading has indicated that second-half profits will substantially exceed those of the first six months, and beyond this year Mr. Harris sees steady profit growth. For all of 1977 a £320,000 profit was achieved.

After tax of £157,000 (£44,000) net profit came out at £150,000 (£61,000). The interim dividend is lifted from 0.2p net per 20p share to 0.6p and will absorb £56,000 (£19,000) leaving £94,000 (£42,000) retained. Last year an 0.4p final was paid.

Watts Blake on target for further increase

WITH pre-tax profits for the first half of 1978 ahead from £1.26m to £1.44m, the directors of Watts, Blake, Bearne and Company say they have every reason to believe that the second half will average out well, enabling the company to maintain its record of profit improvement. For the last full year a profit of £2.67m was reported.

For the six months, earnings per 25p share are shown to have risen from an adjusted 4.71p to 5.3p and the net interim dividend is effectively raised from 1p to 1.125p — last year's final was equivalent to 1.5p.

Profit was struck after depreciation of £678,000 (£589,000), the inclusion of profits on sale of trade investments nil (£46,000) and post-invoice currency profit £20,000 (nil). It represented an increase of 14 per cent over the corresponding period on a somewhat smaller advance in the value of sales, and continuing achievements in cost control.

Mr. C. D. Pike, chairman, remarks that exchange rates and the demands of the various markets the company serves continue to fluctuate, reflecting the general uncertainty of world trade.

The company operates as an extractor, processor and seller of ball and china clay.

	Half-year 1978 £000	1977 £000	Year 1977 £000
External sales	9,509	8,617	17,574
Home	2,734	2,149	4,418
Export & o'seas	6,775	6,468	13,156
Trading profit	2,099	1,807	3,939
Depreciation	678	589	1,225
Sale of trade invs.	—	46	74
Currency profits	20	—	*140
Pre-tax profit	1,441	1,264	2,668
Tax	745	657	1,326
Profit after tax	696	607	1,342
Pref. dividend	7	3	6
Available	689	604	1,336
Ord dividend	146	128	361
Retained	543	476	974

* Losses.

Barr and Wallace progress

FOR THE first seven months of 1978 pre-tax profit of Barr and Wallace Arnold Trust grew from £902,390 to £1,231,861 from turnover of £33,997,000 against £26,639,000 last time.

The profit was after interest, expenses and other income of £78,126 (£60,185). After tax of £415,000 (£258,000), net profit was £816,861 compared with £644,390.

Earnings per 25p share are given at 20.71p (16.33p) and the interim dividend is 1p. No interim was paid last year but a 3.7165p single dividend was, from record pre-tax profits of £1.64m.

A scrip issue of one "A" ordinary share for each two ordinary or "A" ordinary shares plus one new preference share for every four ordinary or "A" ordinary share is proposed.

T. C. Harrison 74% interim rise

CLUDING A £370,000 contribu-n from Peterborough Motors -tax profit of T. C. Harrison e 74 per cent from £876,000 to 28,000 in the first half of 1978 turnover well ahead from 27m to £30.01m.

Mr. T. C. Harrison, chairman of car and commercial vehicle ler and earthmoving group, s third-quarter profits have n maintained at a "very satis-tory" level and subject to aining adequate supplies of icles, says the group will have ther record year. In 1977 a 2m total was achieved.

e says the interim results re-t satisfactory contributions n all sections, with the car commercial vehicle divisions ticularly buoyant. Much im-ed profits were earned in the vice and parts departments.

he earthmoving division con-es to show improved results pite the adverse trading con-ons in the construction in-ry. A new depot in Norfolk been completed and another ot in Derbyshire should be y for occupation in 1979.

fter tax of £795,000, against 000 net profit improved from 000 to £733,000.

he interim dividend is up from to 1.5376p and includes 16p for 1977. A 2.747p net 25p share final was paid last final quarter. However, they still expect full year profits to show an improvement on last year's record £240,000.

The six months profit was struck after interest of £84,687 (£92,656). Tax took £9,503 (£78,465).

On August 31, the Trafalgar Street Property was sold to British Gas Corporation for £150,000, completing the rationalisation of the company's properties.

The disposal of the vehicles operated by Balm Road Transport Services to a company in which Mr. T. P. Tate is directly interested is being considered.

Full details will be sent to shareholders in due course.

£0.34m payout for creditors of Kelly Homes

The £340,000 remaining in a "lifeboat" fund set up by a group of banks should now be paid to the remaining unsecured creditors of J. Kelly Homes (Stoke-on-Trent) and their wholly-owned subsidiary Dealgood Builders, part of the Northern Developments (Holdings), group of property development companies, now in liquidation, a High Court judge ruled.

The vice-chancellor, Sir Robert Megarry, said Northern got into difficulties in 1974. A plan was evolved to keep the companies trading.

In February 1975 UDT Securities used their power of sale over sites charged to them by Northern group companies, including Kelly.

That act created the danger that if Kelly was not kept trading the group would collapse.

Banks who had accounts of Northern companies agreed on March 4, 1975, to put over £500,000 into a fund to pay Kelly's "unsecured creditors in the ensuing weeks."

A receiver and manager of Kelly was appointed on June 3, 1975.

All payments to creditors then ended and the joint receivers and managers now asked what should happen to the balance of the fund.

The judge ruled that the money should not go back to the banks. It was for a specified purpose and the agreement between the banks did not mention any return of the balance to them if there was a receivership.

Creditors had been told about the fund and so had gone on trading with Kelly.

It would have been "commercially dishonest," said the judge, to allow companies to continue to trade with Kelly if there had been an intention that the money should return to the banks unless the companies were properly warned of such a proviso.

The judge also held that the words in the agreement "ensuing weeks" would cover all unsecured creditors up to June 3, 1975.

Among creditors represented were Norman Hancock (Joinery), Davenport Street, Burslem, and Trentdale Investment Company, of Lowe Street, Stoke-on-Trent.

Increased loss at midyear for McNeill

An increased pre-tax loss of £667,000 compared with £140,000 is reported by McNeill Group, concrete and structural engineer, for the first half of 1978. Turnover for the period totalled £6.13m against £6.6m. For the last full year a deficit of £1.27m was incurred.

The half year loss was struck after depreciation and interest of £420,000 (£447,000). There is a tax credit of £100,000 (£55,000) leaving the net loss at £567,000 (£85,000).

Again there is no interim dividend. The last dividend payment was a total 2.850439p net for 1976.

Highland Electronics up 29% to peak £0.55m

WITH A rise from £235,443 to £299,717 in the second six months, Highland Electronics Group ended the year to April 30, 1978 up 29.28 per cent at a peak £554,699, compared with the previous year's £429,078. Turnover grew £1.44m to £6.71m.

Reporting further good progress in the group's subsidiaries, Mr. Michael Cohen, the chairman, says the year's results reflect "the investment in plant and people made in the past and enable us to look to the future with confidence."

Development of new products continues both within the group and using outside facilities, he adds.

The pre-tax result included investment income of £1,185 (£1,103) and after a tax charge of £273,219 (£265,100), net profits advanced from £163,978 to £281,480.

Earnings are given up from 1.87p to 3.21p per 20p share and the dividend is lifted to 1.19p (1.0725p) net, absorbing £70,475 (£63,487).

The group's properties were professionally revalued in the year and a surplus of £314,960 was transferred to reserves. After the revaluation, stated asset value per share rose 10p to 36p.

Fitzwilton seeks more investments

Fitzwilton, the former Irish industrial group now a slimmed down investment company, is looking for more investments.

Writing in the annual report deputy chairman, Mr. Tony O'Reilly, says the Board has rejected liquidation or return of cash to shareholders in favour of selective investment in activities at home and abroad where growth characteristics look attractive over the next three to five years.

The report shows shareholders' funds of more than £13m and cash or near cash of more than £6m. Pre-tax profits for the year to June, 1978 were £1.1m (£0.6m deficit).

Tate of Leeds heads for record year

ST HALF turnover up from 4m to £6.87m and pre-tax its ahead from £150,894 to 445 are reported by Tate of ds for the first half of 1978.

he directors say that the com-y enjoyed benefits of excellent ing conditions in both car and mercial markets. The short-of products from the Ford or Company restricted profit-ity and the current Ford strike not improve prospects for the

Satisfactory start for Smith Bros.

ILE THE level of market vity is still comparatively low, the international and nestic sectors of Smith Bros., ner, commenced the current r satisfactorily, Mr. A. J. Lewis, chairman, says in his annual ement. Dealing conditions, ever, remain volatile and it is early to forecast the results the year to April, 1979.

f its new U.S. subsidiary, he it is far too early to be able ive any meaningful indication its likely contribution to ilts this year. Directors are eful that the new London ded Options Market will ually attract investor interest. y are also hopeful there will a more modest increase this in processing costs.

r. Lewis says the company ontinuing to play an active in international trading and es the abolition of the dollar nium surrender will be of efit. He feels, however, that e must be some modification tock Exchange rules if it is to and its trading internationally to compete more vigorously.

is seeking to increase rowing limits from the current times shareholders' funds to times to allow expansion of ness, particularly interna-al business.

connection with the posed merger with Bisgood, op and Co. with which the pany did not proceed, enses totalling £29,027 were rred.

s previously reported, taxable it for 1977-78 rose from 313 to £1,147,295. A current statement shows this reduced 777,890 (£191,350) after addi-al depreciation of £1,561 129) and a £307,835 (£631,834) istment for net monetary ts.

t balance date net current ts were £3.56m compared with m, with bank borrowings 9m higher at £12.5m and ey paid against stock owed up from £7.97m to 31m.

eeting, Moorgate Place, EC, cember 3 at 12.15 pm.

KALAMAZOO

alamazoo Finance has been ned as a wholly-owned sub-ary of the Kalamazoo Group rovide existing and potential customers with a rental alternative to the outright purchase of its computer equipment and associated hardware.

Mr. Tom Garnier, managing director of Kalamazoo Group and chairman of Kalamazoo Finance, states that by providing a rental service customers will now be able "to get the feel of computerisation and its advantages without having to commit themselves to the relatively high capital investment that outright purchase would involve."

13.2% sales rise at Grand Metropolitan

During the nine months to June 30, 1978, the value of external sales of Grand Metropolitan increased by about 13.2 per cent compared with the corresponding period of the previous year.

External sales included overseas sales and these were converted to sterling at exchange rates ruling at the end of each period.

An interim dividend of 1.75p (1.6p) net per share has already been announced.

Changes at British Anzani

British Anzani, whose shares were suspended last year after major property losses, has reorganised its Board of directors. Mr. Ivor Shrago has been appointed chairman in place of Mr. G. Faull, who now becomes deputy chairman. Mr. M. J. Norris has been appointed joint managing director alongside Mr. R. F. Rushton. Mr. S. Faull, Mr. P. Freeman and Mr. G. Nisson have resigned from the Board.

The new chairman said that he intended to conduct a full review of the group as a whole and then to determine its future path.

"The whole purpose of this exercise is to restore the share quotation as soon as possible. There are certain matters that have to be dealt with before we go back for a restoration of the quote and I intend to deal with them as soon as possible," he declared.

Asked about a likely time-scale Mr. Shrago said he was looking to "the near future rather than distant future."

Scottish Metropolitan up to £1.3m

Taxable profit of Scottish Metropolitan Property Company rose from £1,075,463 to £1,271,711 in the August 15, 1978 year. Net revenue from properties increased from £2,583,682 to £2,940,259 while investment income was £241,045 against £419,043, mainly reflecting lower interest rates in the first six months.

Interest charges and management expenses were £1,694,478 (£1,738,264) and £215,115 (£188,998) respectively. Exceptional items of £239,294 (£18,670) were balanced by a transfer from reserves, and available profit for the year came out at £787,251 (£727,993) after tax of £571,560 (£465,070) and a transfer from reserves of £87,100 (£117,600) for outgoings on the group development programme.

Earnings per 20p share are shown ahead from an adjusted 2.44p to 2.64p and fully diluted at 2.66p (2.54p). The dividend total is lifted from 1.7607p net to 1.07285p by a 1.07285p final (0.9485p).

A one-for-10 scrip issue is also proposed and directors say that in view of the continuing growth in earnings they expect to be able to at least maintain the same rate of dividend for 1978-79.

At August 15, the book value of properties was £61.84m (£43.76m) and group capital and reserves totalled £40.7m (£23.36m).

NO PROBES

Proposed mergers between the Kaye Organisation/Bonser Engineering and Pilatus Flugzeugwerke AG/Britten-Norman (Bembridge) are not to be referred to the Monopolies Commission.

154 companies wound-up

Orders for the compulsory winding up of 154 limited companies were made by Mr. Justice Brightman in the High Court on Monday. They were: Target Windows, Deveng, TIS (Total Graphics), Custom Made Window Company and Walkerson (Insurance Brokers).

Swift Developments, Bullingdon House Wine Company, Container Refurbishing, Zedhurst and Yuzopair.

Bytox Design, Tecsec Electronics, Crystal Bulk Food Centre, Poycombe and Lee Donric.

Kardinville (Rotherham), Seabo Plant, First City Film Productions, Goad Credland (Holdings), Bisrea and Graham Avery (East Anglia).

Copequip, ISW, Mirzains Company, Lisadean Inns, Concept Designs (Esher) and Streamlodge International.

Yorkbond, Collintor, Bellmanda, Cannon Discount Services, Jixrest and Tallman Stores.

Veraclan, Badgers Mount Stone Company, Capital Bioscope, Laughton Hill Garage and Abbeyshire.

Sanderleigh, Anglo American Motor Parts and Equipment Company, Pretan, Archworld and Bevan bridge Electrics.

Blanche and Mercer, Briggson Warehouses, Charlton Building Supplies, Lonninghurst and Regent Fish Bar and Restaurant.

Dryden Construction, Grey Tops Investments, M. Bendall Developments and Pembrokeshire Crane Hire Company.

P. J. Cotter, Robert Fletcher (Celebrity Shirts), Shop Fitters (Cleveland), UFP (Plastics), Ilbury (Contractors) and Hammerton Builders.

Faciema, Coinview, L. Wingham, Quicklabour and Trimwood.

J. P. Burden and Co., JCD Shopfitters, Swaithe Motor Company, Hudson (Hotel Services) and Bluethorne Vending.

SE Fun Toys, Don Chemist, Twinberg Investments, Rustlegrade and David Crossley Contracts (Leeds).

Wheelsfleet, Captain International Industries of Europe, Gumshoe Fashion, J. N. Bartram and Sons (Builders) and Thamesmead Chemists.

Mainland Property Company, McCulloch and Newitt, Marie Lloyd Luncheon Club, Wilding Developments, Chivs Motors and Residential and Industrial Properties (Northern).

Chapel Estates (Building Contractors), Wilmas Electrical (Contracts), S. L. Page and Co., T. V. Kearns and Videocraft.

Kaygrove, C. Callaghan Plant Hire, Saunhill, MRH (Builders and Mechanical Services) and Shiels and Delaney Conversions.

Lafferty Construction Company, John Martin Shirt Company, Kapstall, Byron's Bakeries and Carr and Batt.

Alamass Textiles, Goff Bros., Waterloo Building Services (UK), Brent Cable Engineers and Mee Mulrey.

Westland Rovers, Schipell Supplies, Home Improvement Company (Hemel Hempstead), J. S. Beagley and Canehurst.

Salisbury Sports, Pierina (Caterers), Carpet Centre (Newbury), Hallcrop, Third Rebus.

L. G. Pearce (Haulage), M. S. Mobbs and Co., Orange Cup, Lexicon Insurance Brokers and Mergenorth Builders.

North Norfolk Timber and Building Company, Ramsburgh, Batekirk, H. A. and E. M. Taylor and Bisade Property Company.

Garmail, Holgate Developments, I.P.H. Music, Kwai-Lam Restaurant and Imsa Construction Company.

Colmek Exports, Capway, Fix Developments, G. C. Reynolds (Coventry) and Gilbert Construction.

Planit Builders Company, Dobson Harcourt and Maine, Purdie Markham and Mawe, Space Utilisation Holdings and Intercontinental Academic Book Supplies.

R. A. N. Services, Zonerick (Gatwick), Maronberry, Carmen Pottery Design and Lenrick Computer Services.

Northern Rockdrillers, Mercor, Allerworth, Bondrim and Blythe Spirit.

Grahams of Shifnal, Owlcliff Building Components, Southern Reliance Company, Southville Builders and Constructors and Cavendish General Service (Managements).

BIDS AND DEALS

هكذا من الأصل

Croda enters U.S. ink market with £3m buy

IN AN agreed deal worth $6.15m (£3.1m) chemical group Croda International is to purchase the Richardson Ink Company of Chicago, the seventh largest printing ink manufacturer in the U.S. The move marks Croda's entry into the American ink market.

The cash deal, which Croda plans to finance with medium term dollar loans, comes after six months' negotiation between the two companies. Completion of the acquisition is expected to take place in mid-November. And once completed Croda should command an 8-10 per cent share of the U.S. ink market.

In its last financial year Richardson Ink, a wholly owned subsidiary of the Richardson Company, made pre-tax profits of a little under $1m (£0.5m) on turnover of $16.7m (£8.4m). The group has net assets of $5m (£2.5m).

Croda itself provides a full range of printing inks but has been looking for the last two years for a suitable U.S. ink operation which would complement its own technology and international networks. Richardson was one of ten companies Croda talked to during the period of its search in the States.

Croda first moved into printing inks in 1971 with the acquisition of A. B. Fleming (Holdings). It now has operations in the UK, Ireland, Holland, Italy, Southern Africa, Australia, and New Zealand. In its last financial year ink operations accounted for around £15m out of total group turnover £226.6m.

Yesterday Croda's chairman Sir Frederick Wood described the Richardson deal as a "nice logical development."

BLACKWOOD HODGE REQUIRED TO CUT NIGERIA STAKE

Blackwood Hodge is the latest British group to have to sell a large slice of its Nigerian operations under the terms of the country's Nigerianisation policy.

The earthmoving equipment distributor is to reduce its stake in Blackwood Hodge (Nigeria) from 60 per cent to 40 per cent. Under the terms of the Nigerianisation programme the reduction has to take place by the end of this year.

Blackwood said yesterday that to meet this requirement it is to issue a further 3.6m shares in its Nigerian subsidiary which will be sold at 80 kobo apiece—around 64p—to Nigerian citizens or other purchasers permitted under the Nigerian Enterprises Decree.

Last year Blackwood earned net profits of around £2.2m from its Nigerian operations. A 20 per cent reduction in this investment would have reduced net profits by £742,000. Net tangible assets of the Nigerian subsidiary—which earned total pre-tax profits of £7.1m last year—are around £10.8m.

A spokesman for Blackwood—which earned total pre tax profits of £16.6m last year—said that the group would have preferred to have kept a larger slice of its profitable Nigerian subsidiary, but that it had to meet the requirements of the Nigerianisation legislation.

ME shares jump 45p on new approach

SHARES OF Midland Educational, the Birmingham based bookseller and stationer, jumped 45p yesterday to 225p following the surprise counter bid for the company from Lonsdale Universal announced late on Monday.

Lonsdale's cash and shares bid values each Midland share at 207p and the discrepancy between this and last night's closing price indicates that speculators are anticipating more action.

Midland directors are advising shareholders to take no action on the Lonsdale bid — currently valuing the company at £2.9m — while it considers the situation.

Meanwhile Pentos which is bidding £2.2m cash for Midland is also sitting tight. It has extended its offer of 150p cash for each ordinary share until October 24. To date Pentos has increased its stake in Midland from 4.9 per cent to 5.1 per cent.

Lonsdale is bidding nine of its shares — which closed at 87p down 4p last night — plus £2.50 cash for every five Midland shares.

ROPNER PAYS £1.3M FOR ENGINEER

Ropner Holdings, shipowner and engineer, has purchased a small engineering company, Frederick Greenwood, in an agreed cash deal worth £1.26m.

Greenwood, which manufactures light metal pressings, domestic electrical equipment and machinery for the textile, paper plastics and tin box industries, made pre-tax profits of £294,009 in its last financial year ending March 31, 1978.

Net book value of the company's assets was £820,000. On completion of the purchase Ropner is to revalue Greenwood's plant and property.

Meanwhile Ropner has received an undertaking from Greenwood's Board that its offer will be accepted by the directors and their wives, who own 21.6 per cent of the shares.

WM. BOULTON BUYS WHITFIELD WYLIE

William Boulton Group has taken its spending on new acquisitions to £1½m this month with the acquisition of Whitfield Wylie, equipment manufacturers for the shoe industry, for £460,000 cash.

Last week the group, which supplies machinery to a wide range of industries, announced that it had acquired Service Engineers and Graemross Plant and Equipment for a total of just under £1m cash.

Whitfield which also makes multi-head nailing machines for the pallet, cable-reel and wooden case making industries generated pre-tax profits of £153,217 in the year to December 31, 1977. Net assets at that date—allowing for a subsequent disposal of an undertaking—were £610,271.

LAZARD BROTHERS

Lazard Brothers is planing to form closer ties with Lazard Freres of New York, and a deal is likely to be announced by the end of this year.

The move comes after years of close association between the two groups, and more formalised commercial links have been on the cards for some time.

Lazard Brothers, 80 per cent owned by the S. Pearson group, does not have an interest in Lazard Freres, which is a partnership arrangement, although Lazard Freres is represented on the board of Lazard Brothers. Lazard Freres partners also have an interest in the 20 per cent holding not owned by S. Pearson.

Talbex seeks holders' approval for bid

Talbex, the diverse soaps to hairdressing group, is taking the unusual step of seeking shareholder approval before making a bid for Birmingham-based contractor Hoskins and Horton.

Only last week Hoskins firmly rejected what it termed "an unsolicited approach" by Talbex directors, saying there would be no commercial advantages in a merger.

In a letter to shareholders giving notice of an EGM, Mr. S. H. Lunt, the Talbex chairman, says the acquisition of Hoskins would be "a significant step for your group."

No details of the proposed bid are mentioned but the letter states, "It would be the Board's intention that any such offer, if made, would be funded as to the major part in shares, underwritten for cash."

The resolution asks Talbex shareholders to authorise their directors to bid for the outstanding equity of Hoskins "upon such terms as the directors may think fit."

Last month Talbex bought 29.2 per cent of Hoskins from the Bahamas-based Artoc Bank bringing Talbex's total stake to 29.8 per cent. Talbex, meanwhile, is 29.9 per cent owned by Artoc, which has strong Middle East connections.

It is made clear, however, that Artoc will not exercise its voting rights at the meeting, reminding shareholders that three Talbex directors are also on the Board of Artoc.

Elsewhere, Mr. Lunt says the Talbex Board is confident of the commercial advantages of a merger and is considering putting details before Hoskins shareholders.

He adds, "The Hoskins businesses in cabinet manufacturing, hospital equipment and light engineering are complementary in basic purchasing, production and management skills with Talbex's activities in ducting and sheet metal work."

The letter points out that the market capitalisation of the 70.2 per cent of Hoskins not owned by Talbex is £2.74m based on Monday's bid price of 165p. Last night's closing price of 18p values Talbex at £4.5m.

Mr. Lunt also says Artoc will assist Talbex and in particular will support "by means of underwriting or subscription the raising of additional equity capital or convertible loan capital" and to use its best endeavours to introduce Talbex, or its customers, to new market opportunities especially in Middle East countries.

Last night Hoskins' financial advisors said Talbex shareholders should consider whether they wish to give their Board complete freedom to make an offer for Hoskins on any terms

SGB GROUP

Two new acquisitions have been completed by the SGB Group which has purchased Equipment Hire and Sterling Plant Hire in deals worth £351,000.

MINING NEWS

America's uranium miners facing a dilemma

BY PAUL CHEESERIGHT

THE DISCOVERY of large and high grade uranium deposits in Australia and Saskatchewan could be the reason for the slow expansion of the U.S. uranium mining industry, according to Mr. Payne Kibbe, chairman of Nuclear Exchange Corporation.

Speaking at the annual meeting of the American Mining Congress, he said that U.S. producers and consumers were aware of the competitive disadvantage they were facing.

But uranium exploration activity in the U.S. is at a record level with expenditure last year five times that of 1972. "The objective and value of this programme has been questioned by many in the industry," Mr. Kibbe said.

He observed that U.S. producers were in a dilemma. Recently discovered reserves are at great depth and of relatively low grade and thus face high production costs. Reluctance to invest had increased because of the way in which Government regulations added to the time and cost.

But there are enough nuclear power plants operating, or planned, to justify the U.S. uranium industry doubling in size by 1985 in order to satisfy demand, Mr. Kibbe said.

Ocean delay

Among other topics being discussed by delegates at the Congress are the fascinating possibilities of sea-bed mining. It is clear, however, that the date for the start of the mining of manganese modules on the ocean floor has been put back.

Mr. Marne Dubs, director of the Ocean Resources division of Kennecott Copper, has abandoned his earlier predictions of a start in the mid-1980s and now refuses to specify any date at all.

Kennecott heads a sea-bed mining consortium which embraces BP Minerals, Consolidated Goldfields and Rio Tinto-Zinc. Mr. Dubs is chairman of the American Mining Congress committee dealing with seabed mining and is a long-standing member of the U.S. delegation to the United Nations Law of the Sea Conference.

The failure of this conference to decide an international regime for the control of sea-bed mining and the poor health of the metals business were the main reasons given by Mr. Dubs for the uncertainty about dates.

But he told the Financial Times that legislation, now at a crucial stage in its passage through Congress, would give the mining consortium some encouragement. However, even assuming that legislation was passed it was unlikely that permits for commercial exploitation would be given until 1981 or 1982.

The legislation would regulate the activities of U.S. citizens outside territorial waters but contains provisions for its own replacement by international laws in the event of a successful conclusion to the Law of the Sea Conference.

Mr. Dubs noted that on the basis of present metal prices, the economics of sea-bed mining had changed to the extent that cobalt had now become the most important metal to recover from manganese nodules.

While manganese prices had remained steady, copper and nickel values had both fallen and cobalt was being priced on the basis of acute shortage. However, all this could change by the time sea-bed mining has become economically and politically feasible.

Malaysian tin outputs

A GOOD tin concentrate output for September is reported by Southern Kinta in the monthly figures released by the Malaysia Mining Corporation group of Far Eastern tin producers. Southern Kinta's latest output of 150 tonnes brings the six months' total to 831 tonnes compared with 861 tonnes a year ago.

	Sept. tonnes	Aug. tonnes	July tonnes
Aokam	120	97	110
Ayer Hitam	126	170	137
Berjuntai	374	412	418
Kamunting	31	29	32
Kramat	27	30	38
Kuala Lumpur	25	13	17
Lower Perak	23	27	34
Malayan	241	305	272
Sthn. Kinta Cons.	150	125	148
Southern Malayan	198	192	178
Sungei Besi	174	203	195
Tongkah Harbour	42	40	42
Tronoh Mines	191	157	214

On the other hand, production has fallen at Ayer Hitam which lost the benefit of the No. 2 dredge from September 18 as a result of the planned shut-down for routine repairs and maintenance. The mine's production for the past three months, however, is still keeping ahead at 453 tonnes against 362 tonnes in the same period of 1977-78.

Also reporting lower September outputs are: Berjuntai with a cumulative five-month total of 1,926 tonnes against 2,092 tonnes; Sungei Besi, which has produced 1,026 tonnes in the past six months against 936 tonnes; and Malayan with a three-month total of 821 tonnes against 687 tonnes, the last named also stating that its No. 7 dredge was shut down on September 18 for repairs which are expected to take about four weeks.

Of other cumulative totals, Southern Malayan has produced 566 tonnes in the past three months against 542 tonnes and Tongkah Harbour has turned out 129 tonnes against 137 tonnes in the same period of a year ago. Kamunting's six-month output amounts to 198 tonnes against 239 tonnes, while Tronoh has produced 1,812 tonnes in the past nine months agains 1,639 tonnes.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Dana raises dividend payment

TOLEDO, Oct. 10.

DANA CORPORATION, manufacturers of motor components, decided today to raise the quarterly dividend to 34 cents a share from 33 cents. This is the eighth consecutive quarterly increase. The new dividend is to be paid on December 15 to shareholders of record on November 29.

Mr. Ken McPherson, chairman, said that Dana achieved record earnings and sales for the eighth consecutive year during 1978. Earnings for the year ended August 31 were $134m or $4.22 per share, compared to earnings of $108m or $3.61 per share for fiscal 1977.

Sales for the year totalled $2.2bn, compared to $1.7bn for fiscal 1977.

Mr. Gerry Mitchell, president of Dana, said that sales for all of the company's operating divisions exceeded last year's levels.

While sales in each of Dana's three basic markets — vehicular, service and industrial — were higher than in 1977, Dana continues to accomplish its goal of achieving sales distribution balance along the three.

Agencies

Ohio State critical of Occidental bid documents

BY OUR OWN CORRESPONDENT

NEW YORK, Oct. 10.

OCCIDENTAL Petroleum Corporation's proposed $1bn take-over of Mead Corporation looks set to fall foul of Ohio securities laws judging from an extremely sharply worded report issued by the State official who held hearings on the matter last month.

The purpose of the hearings before the Ohio Division of Securities was to determine whether Occidental had provided enough information about the proposed acquisition to enable the offer to be presented to Mead's Ohio shareholders.

The consequent 81-page report from the hearing officer, Nodine Miller, attacks Occidental management on several counts and lists 14 points on which it is claimed that Occidental provided inadequate or misleading material. The report concludes that Occidental "has not made effective provision for fair and full disclosure to Mead Corporation shareholders of all information material to a decision to accept or reject the offer."

The report is likely to intensify what is fast becoming an extremely bitter take-over battle. It contains some very astringent comments on the way Occidental is managed and observes among other things that "the record is fraught with examples of senior management making plans and disregarding them, recognising risks but failing to plan for them, or spotlighting a project and then abandoning it. Occidental's disclosures reflect its attempt to round off the jagged edges of its capricious actions."

Mr. Miller draws attention to the importance of Occidental's capital expenditures programme without which it will suffer "irreparable future financial harm. Yet senior management is ready and willing to cut, snip, revise and amend that capital expenditure programme, to fit in the Mead acquisition. We think the senior management of Occidental is hiding its arbitrary handling of this corporation under a cloak of flexibility."

The report claims that Occidental's disclosures on the details of its share exchange offer are inadequate, as is the financial information contained in its consolidated balance sheets. Also, the company has not presented enough information about its dispute with the Government of Libya while its disclosure "relative to its expenditures on and risks attendant to its North Sea fields is misleading," says the report.

Occidental said this morning that it was still studying the report and therefore had no comment to make. It has until October 19 to respond to the report and the Ohio Commissioner of Securities is expected to make a final decision as to whether the offer can go ahead in its present form on October 20.

Mellon National ahead at nine months

NEW YORK, October 10.

THE parent company of Mellon Bank, Mellon National Corporation, announced that net earnings for the third quarter have risen from 92 cents to $1.14 a share. Before securities transactions net earnings show an increase from $18m to $22m, while after such transactions, the total rose from $17.9m to $22.3m. Share net is the same before and after securities dealing profits.

This brings Mellon's net earnings for nine months to $3.05 a share, against $2.62 a year ago. Total net before securities transactions of $62.5m compares with $51.7m. After securities transactions, the total was $59.8m against $51.3m.

AP-DJ

Hilton and MGM plan casinos

BY JOHN WYLES

NEW YORK, Oct. 10.

TWO OF the "blue chips" of the gaming industry, Hilton Hotels and Metro-Goldwyn-Mayer yesterday announced plans for major side by side developments in New Jersey's Atlantic City.

On a rough count, this brings to 12 the number of companies which have announced plans to open casinos in Atlantic City, which became the centre for the first gaming operations outside of Nevada at the end of last May. Some of the projects announced this year are never expected to come to fruition, but the moves by Hilton and MGM are seen as major developments for the companies and for Atlantic City.

Most of the projected casinos are to be located on the Atlantic City seafront, The Boardwalk, but MGM and Hilton have purchased jointly 22 acres of land about 1½ miles away in the Marina area. Each company plans to build a hotel casino of its own and the twin development is seen as a possible kernel for a cluster of high quality casinos away from The Boardwalk, whose operators may in the end cater for the smaller gambler. This parallels the development of Las Vegas whose centre is dominated by casinos with a lower income clientele.

MGM and Hilton have specifically sought to develop alongside each other in Atlantic City in order to ensure at least two premium quality operations.

Both companies are Las Vegas operators and both will therefore need the permission of the Nevada State gaming authorities before they can open their doors in Atlantic City.

Third quarter rises at NCNB

NEW YORK, Oct. 10.

NET EARNINGS of NCNB Corporation, the holding company for North Carolina National Bank, for the third quarter rose from 35 cents a share to 53 cents. The company's net income before securities transactions was ahead from $5.84m to $9.06m.

Securities losses in the quarter came to $146,000, reducing final net to $8.92m, compared with last time's $5.84m after securities gains of $1,000.

Net income for the nine months before securities losses was $25.06m or $1.48 a share compared with $16.86m or $1. Securities losses in the nine months reduced final net income by $312,000 to $24.75m or $1.46, against last time's final net income figure of $16.71m or 99 cents a share after securities losses of $146,000.

Agencies

First National Boston advance

BOSTON, Oct. 10.

STRONG DOMESTIC loan demand has pushed up the First National Boston Corporation's third-quarter net income by "a little better than 15 per cent," ahead of levels for the similar quarter last year, according to Mr. Richard D. Hill, chairman.

In the third quarter of 1977 First National Boston, the holding company for First National Bank of Boston, reported net income of $12.7m or $1.05 per share after securities losses of $641,000 or six cents.

AP-DJ

City Investing

City Investing expects 1978 net profits of between $110m and $115m compared with $82.5m last year, the company chairman and executive officer Mr. George Schwarffenberger said, reports Reuter from Frankfurt. He told journalists at a presentation to mark listing of the company's shares on the Frankfurt bourse that turnover this year is expected to rise to $3.75bn from $3.07bn in 1977. Operating profits should rise to $300m this year from $221.6m in 1977.

Gelco growth in car leasing

BY TERRY BYLAND

GELCO International Corporation, the UK based operator of Gelco Corporation, the Minneapolis car leasing company, discloses that it now has some 10,000 vehicles under management in the UK and expects to double this figure over the next two years. The parent company has some 250,000 vehicles under contract throughout the world, but the UK leasing operation commenced only four years ago.

Mr. Peter Turner, vice-president of marketing and sales at Gelco International, which is responsible for Gelco Corporation's non-U.S. operations, said that the UK side has benefited strongly from the growth in business vehicle fleets in Britain —about 70 per cent of UK cars are expected to be fleet registered by 1980 compared with around 22 per cent in 1960, he said. Ford UK is the company's biggest supplier of cars in Britain.

He stressed the significance of growth in business vehicle fleets in the UK, a trend at present well outstripping the experience of the U.S.

Gelco already has a subsidiary active in Belgium, and Mr. Turner said that a similar offshoot will open for business in Holland within a few months. Looking further ahead, Gelco plans to open a subsidiary in Germany.

The group sees opportunities for considerable growth in the UK, largely because of the substantial increase in the cost of owning and operating car fleets since the early 1970s. Ownership of 300 cars now involves management of some £1m assets, Gelco calculates.

In February, Gelco Corporation acquired for £1.3m Auto-Contracts, a private UK vehicle leasing company.

Whirlpool setback

Third quarter net income of home appliances manufacturer Whirlpool Corporation fell from $31.19m or 87 cents a share to $22.86m or 63 cents a share, on sales revenues down from $555.4m to $535.8m. Agencies report from New York. Whirlpool said that the results reflected a decline in unit and dollar sales compared with last year's exceptionally strong third quarter.

EUROBONDS

Deutsche Bank's DM500m sale ruffles the market

BY NICHOLAS COLCHESTER

DEUTSCHE BANK yesterday confirmed that it was offering DM 500m of Canadian Government bonds in the secondary market. The news was greeted with some consternation in the D-Mark sector, which had not been reckoning with this sale from the big German bank's portfolio and which judged the terms of the offer to be fine.

These bonds were part of the DM 1.5bn financing package organised for Canada by Deutsche Bank in May. At that time, the bank managed the issue of DM 600m of 4¾ per cent bonds, provided another DM 400m in the form of a loan, and took DM 500m of 5 per cent bonds maturing in May 1984 onto its own books. The bank started sounding out buying interest for this last tranche of bonds over the weekend, offering them at 99½.

Rival banks took a dim view of this sale. They felt that it interrupted the orderly progression of new issues which is established in Germany each month by the capital markets subcommittee. They felt that the terms of the offer, which imply a yield to maturity of 5.2 per cent, were not generous. The secondary market reacted badly yesterday, with issues broadly lower by ¼ of a point.

Deutsche Bank explained that the success of its recent private placement of DM 100m for its Luxembourg banking subsidiary —a bond with the same life and coupon as the Canadian paper— together with the strong state of the D-Mark market, had convinced it that this was the right moment for such a secondary market initiative. Its sales strategy was to sell large blocks of the bond to powerful investors. It felt that the capital markets subcommittee did not concern itself with secondary market transactions, and pointed out that at the time of the original financing in May it had made it clear to the subcommittee that it intended to sell, at some stage, the Canada bonds it was taking on board.

Westdeutsche Landesbank confirmed that it was preparing a DM 150m bond issue for the Republic of Austria. The bond will have a coupon of 5¾ per cent, a 12-year life and an average life of 9½ years. The grace period will be six years before partial redemption begins. Terms will be fixed on October 18.

Business remained slack in the dollar sector of the bond market, with the tone set by a weak dollar and by a continuing upwards movement in U.S. short-term interest rates which took the discount rate to 9 per cent. Prices were off by an average of ¼ of a point.

The Long Term Credit Bank of Japan has arranged a three-year $15m floating rate note through Nippon European Bank. The terms include an interest rate of ¾ per cent over Libor and no minimum coupon. The issue is priced at par.

The final terms of the SwFr 80m bond for Malaysia have been set: they include a coupon of 4¾ per cent and a maturity of 12 years. The issue, which is being managed by Union Bank of Switzerland, has been priced at par.

Reuter adds from Tokyo: The Japanese Finance Ministry has been unofficially approached by the Governments of Finland, Norway and Britain and by Banque Francaise du Commerce Exterieur for permission to issue Yen bonds on the Euro capital market, Ministry officials said.

They said, however, that the Ministry does not at present intend to approve the requests in line with its policy of limiting such issues to international financial institutions.

The Finnish and Norwegian governments planned to issue yen bonds in Japan this and next month respectively, but it is believed in Tokyo that they would like to switch the issues to Europe if possible, to take advantages of lower interest rates.

Only three Euroyen issues have so far been made. The Ministry officials said increased Euroyen issues could disrupt the Tokyo foreign exchange market.

MEDIUM-TERM LOANS

Quebec to refinance $360m

BY FRANCIS GHILES

LA REGIE des Installations Olympiques, the Quebec provincial agency which handled the finances of the 1976 Olympic Games is refinancing a loan it raised in June 1976 on much cheaper terms. It has just signed for a $360m 10-year loan with five-and-a-half years grace on which it is paying ½ per cent over the U.S. prime rate (which currently stands at 9¾ per cent), for the first four years rising to ¾ per cent.

The management fee is undisclosed and there is no underwriting fee as the loan is being placed with 15 co-managers, one of which, Morgan Guaranty Trust, is also acting as agent bank.

Other co-managers include four Japanese banks, nine U.S. banks and a single Canadian one. This loan carries a Quebec Province guarantee.

These terms must be compared with the terms of the same size loan this borrower raised in 1976. This had a spread of 1¼ per cent over the London interbank rate on six-month dollars which then stood at 7-7¼ per cent. Last May Canada raised a $3bn eight-year loan which carried a split interest rate—the U.S. prime rate for the first four years and ¼ per cent above the U.S. prime rate for the remainder.

According to the latest Morgan Guaranty figures published in World Financial Markets, Canadian borrowers had raised $20.3bn in the form of medium-term credits by the end of September this year, compared with a figure of $9.4bn over the same period last year. Over the same period of nine months this year they had raised $2bn in the form of Yankee bonds, to which should be added the $750m two tranche issue recently filed with the Exchange and Securities Commission in New York.

Two private Mexican companies are arranging loans, neither of which carries a guarantee: Cerveceria Cuauhtemoc SA is arranging an eight-year loan with three years grace on a split spread of 1⅛ per cent for the first four years rising to 1¼ per cent. Joint managers are First Chicago Panama and Wells Fargo.

The second bank is arranging a $12m eight-year loan with three years grace for FICSA, a company which manufactures glass and crystal. The borrower is paying a spread of 1½ per cent throughout.

Further south, in Uruguay, the Central Bank is arranging a $85m loan for ten years with four years grace on a spread of 1¼ per cent throughout. Lead managers are Bank of America and Bank of Nova Scotia. $65m of the total amount of the loan will be used to refinance an earlier loan.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9½ 88	25	97½	97¾	−0½	+0	9.62
Australia 8 83	350	96½	96¾	+0	+0	9.19
Australia 5.45 83	175	98¼	98¾	+0	−0¼	9.08
Australia 9¼ 93	75	99¾	100¼	+0	+0	9.33
Beatrice Foods 7¾ 83	100	95¼	96¼	−0¼	−0¾	8.83
CECA 8¾ 87	50	96¾	97¼	+0	+0¼	9.23
CECA 9 93	25	99¼	99¾	+0	+0	9.05
CECA 9¼ 98	25	100¼	100¾	−0¼	−0¾	9.17
CNT 9 93	75	98¼	98¾	−0¼	+0	9.16
Canada 8 83	250	96¼	96¾	−0¼	−0¼	9.13
Canada 5.20 85	250	96¼	96¾	+0	−0¼	9.11
Canada 8¾ 98	250	95¾	96¼	+0	−0¼	9.29
Canadair 8¾ 83	70	97¾	98¼	+0½	+0½	8.86
Dominion Brdg. Co. 9 86	25	95¾	96	−0½	+0	9.80
EIB 8¾ 85	100	97¾	98¼	+0	−0¼	9.24
EIB 8¾ 86	75	98¾	99¼	−0¼	−0¼	9.28
EIB 9¼ 93	100	98¾	99¼	+0	+0	9.26
EIB 9¼ 98	125	98¼	98¾	−0¼	−0¼	9.52
EIB 9¼ 98	100	99¼	99¾	+0	−0¼	9.52
Elsam Jutland 9 85	25	97	97½	+0	+0½	9.57
Eksportfinans 9 86	50	98½	98¾	+0	+0¼	9.25
Export Develpmnt. 8.8 83	125	98¼	98¾	+0	−0¼	9.15
Finland 8¾ 83	100	98¾	99¼	+0¼	−0¼	9.25
Finland 9 88	100	97¾	98¼	+0	+0	9.51
Hospital O/S 9 83	25	98¼	98¾	+1½	+0	9.39
I/C Industries 9 85	35	97¼	97¾	−0¼	−0½	9.54
Itel Finance 9¾ 88	25	98½	99	−0¼	−0½	9.94
Itel Finance 9¾ 90	20	98¼	98¾	−0½	−0¼	9.97
Ito-Yokado 9¼ 83	20	99¾	100¼	+0	+0	9.29
J. C. Penney 8¾ 83	100	98¼	98¾	+0½	+0	8.92
Mac Bloedel 9¼ 93	50	98¼	98¾	+0	+0¼	9.43
NZ Dev. Fin. 8¾ 83	20	95¼	96¼	+0	+0	9.20
NZ Dev. Fin. 8¾ 85	20	95¼	96¼	+0	+0	9.19
Nat. West. 9 86	75	100¼	100¾	−0¼	−0¼	8.89
Newfoundland 9¼ 90	50	99	99½	+0	+0	9.34
Nord Inv. Bk. 8¾ 86	25	97¼	97¾	+0	+0¼	9.34
Norges Komm. 9¼ 93	75	98¼	98¾	−0¼	+1	9.51
Norway 7¾ 83	250	95¼	95¾	+0	+0¼	9.14
Norway 8¼ 83	125	96¾	97¼	+0	+0	9.07
Norway 8¾ 83	150	98¾	99¼	+0	+0	9.18
Occidental 8¾ 85	75	95¾	96¼	+0	−0¼	9.73
Ont. Hydro 8¾ 85	125	96½	97	+0¼	+0¼	9.16
Quebec Hydro 9½ 93	50	99¼	99¾	+0	+0	9.55
Sweden 9¼ 98	125	99¼	99¾	+0	+0¼	9.51
United Kingdom 8¼ 83	200	98	98½	+0	+0	9.85
United Kingdom 8¾ 93	150	98¼	98¾	+0	+0¼	9.28

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Develop. Bk. 5½ 88	100	96¼	96¾	+0	−0¼	5.97
Australia 6 88	250	101¾	102	+0¼	−0¼	5.74
CFE Mexico 6½ 88	150	97¾	98¼	+0	+0	7.92
Canada 4¾ 83	600	98¼	98¾	−0¼	−0¾	5.18
Chase Manhattan O/S 6 90	100	100¾	101¼	−0¼	−0¼	5.88
Commerzbank Int. WW 3¾	100	106¼	106¾	+0¼	−0¼	2.74
Commerzbank Int. XW 3¾	100	83½	84	−0¼	+0¼	5.72
Council of Europe 6¼	100	100	100½	−0¼	−0¼	6.10
EIB 5¾ 90	250	93¾	94¼	+0¼	−0¼	6.00
EIB 6 90	300	98¾	99¼	−0¼	−0¼	6.12
Elektrobras-Brazil 6¾	150	98	98½	−0¼	−0¾	7.05
Elf Aquitaine 5¾ 88	100	94¾	95¼	+0	−0¼	5.93
IBJ 5 84	100	99¾	100¼	+0	−0¼	4.97
Kobe, City of 5¾ 86	100	101¾	102¼	+0	+0	5.44
Light Servicos de Elet	150	98¼	98¾	−0¼	+0¼	7.00
Mexico 6 85	200	97½	98½	+0	+0	6.40
Mitsubishi Petro 5¾ 85	100	102¾	103¼	+0¼	+0	5.24
Nippon Steel 5¾ 85	100	102¼	102¾	+0	−0¼	5.28
Norges Komm 6 90	100	100½	101	+0	+0	5.91
Norway 4½ 83	250	97	97½	−0¼	−0¾	5.07
Norwegian Ind. Bk. 6 90	125	100¼	100¾	−0¼	−0¼	5.95
Petroleo Brazil 7 88	100	99¼	99¾	−0¼	−0¾	7.09
Philippines 6¾ 85	100	96¼	96¾	−0¼	−0¼	7.41
PK Banken 5¾ 88	100	96¼	96¾	−0¼	−0¼	6.26
Quebec, Province of 6 90	150	97¾	98	−0¼	+0¼	6.26
Rautaruukki Oy 5¾ 88	50	95¾	96¼	−0¼	−1¾	6.32
Ricoh 5¼ 83	30	100¾	100¾	+0	−0¼	5.10
Spain 6 88	200	96¼	97	+0	−0¾	6.46
Statoil 6 88	150	100¼	100¾	+0	−0¼	5.91
Tauernautobahn 5½ 93	70	98¼	98¾	−0¾	+0½	5.66
Trondheim, City of 5¾	35	97¼	97¾	+0	−0¼	6.18
UDS Group 5¾ 83	65	97¾	98¼	+0	−0¼	6.26
Venezuela 6 88	250	96	96½	−0¼	−1	6.54

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 5¾ 88	40	103½	104	−0¼	−0¼	4.74
Arlberg Tunnel 4 93	40	99½	100	+0¼	+0¼	4.01
Asea 3¾ 93	100	94¾	95¼	+0	−0¾	4.24
Chase Manhattan 4 93	70	102¼	102¾	+0¼	−0½	3.80
CVRD 4¾ 90	50	97	97½	+0	−0¾	5.08
Council of Europe 4½	65	102	102½	+0¼	−0¼	4.30
Bankamerica 3¾ 93	60	100	100½	−0¼	−0¼	3.74
BNDE 5 88	75	100½	100¾	+0	+0	4.92
Denmark 4¾ 90	100	103½	104½	+0¼	+0¼	4.07
Denmark-Mortgage Bank	80	102	102½	−0¼	−0½	4.26
EIB 4½ 93	100	101	101½	+0¼	−0¾	4.15
Euratom 4¼ 93	80	100½	100¾	−0¼	−0¼	4.23
F. L. Smidth 4½ 89	25	99¾	100	−0¼	−0¼	4.51
Finland 4¾ 93	80	100½	100¾	+0	−0¾	4.44
GZB 4¾ 93	100	102¼	102¾	+0¼	−0¼	4.23
Hilti-Liechenstein 4¾	25	103	103½	+0	−0½	3.96
ICI Fin. NV 4½ 93	100	102¼	102¾	−0½	−0½	4.03
Imatran Voima 4 93	80	96	96½	−0½	−0¼	4.37
Manitoba 4 93	100	101¼	101¾	+0¼	−0¼	3.87
New Brunswick EPC 3¾	100	97½	97¾	+0¼	+0¾	3.99
Newag 4 93	70	99¾	99¾	+0	−0½	4.03
Norges Komm 4½ 90	100	102¼	102¾	+0¼	+0	3.99
OKB 4 93	80	99¾	99¾	+0	−0¾	4.03
Oy Nokia 5 90	20	100¼	100¾	−0¼	−0¼	4.93
Quebec Hydro 3¾ 93	130	96½	97	+0¾	+0	4.00
Safe 4½ 93	30	101½	101½	+0½	+0	4.10
Seas 4½ 88	15	100¼	100¾	+0	−1½	4.42
Voest-Alpine 4¾ 93	100	101¾	102¼	−0¾	−0¾	4.31
Vorarlberg Kraft 4 93	30	100½	101	+0	+0¼	3.92
Vienna 4 93	100	100	100½	+0	−0¼	3.99
World Bank 4½ 93	250	101¼	101½	−0¼	−0¼	4.12

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5¾ 88	15	97¼	97¾	+0	−0¼	6.09
Australia 6.6 90	50	100¼	100¾	+0	+0¼	6.64
BFCE 6.4 90	30	96¼	97¼	+0	+0¼	6.90
Eurofima 6.3 90	10	96	97	−0¼	+0	6.85
Finland 6.7 88	25	98	99	−0¼	+0	7.03
Norway 5.7 83	25	102¾	103¾	+0¼	+0¼	4.95
Oslo, City of 6.6 90	15	98	98½	+0¼	+0¼	6.92
SNCF 6.6 90	20	97¾	98½	+0	+0¼	6.96
Sweden 6.3 90	40	95¼	95¾	−0¼	+0	6.99

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Algemene Bk. 6½ 83 Fl.	75	95¼	96	+0	−0¾	7.39
BAT 8 88 LuxFr.	250	95¾	96¼	+0	−0¼	8.55
Bayer Lux. 8 86 LuxFr.	250	96¾	97¾	−0¼	−0¾	8.56
Mees & Hope 7 83 Fl.	75	95¾	96¼	+0	−0¼	8.08
Brazil 7½ 83 Fl.	75	95¼	95¾	−0¼	+0	8.63
CFE Mexico 7¾ 83 Fl.	75	96¼	96¾	+0¼	+0¼	8.66
Citicorp O/S Fin. 10 93 £	20	91¾	92¼	−0¼	−1	11.14
Copenhagen 7 93 EUA	30	96¼	97¼	−0¼	−0¾	7.35
EIB 7¾ 88 LuxFr.	250	96¼	97¼	−0¼	−1¾	8.26
EIB 7¾ 85 Fl.	75	94¾	95¾	+0	−0¾	9.17
EIB 9¾ 88 £	25	94½	94¾	−1½	−2½	10.71
Oranjeboom 10¼ 90 £	15	89½	90¼	−1	−1¼	11.87
Finance for Ind. 10 89 £	12	91¼	92¼	−0¼	−1¼	11.32
Finl'd. Ind. Fd. 8 88 LuxFr	250	97¼	98¼	+0¼	−0¾	8.36
Finland Ind. Bk. 7 93 EUA	15	96¾	97¾	+0	−0¼	7.32
Gestetner Hld. BV 11 88 £	10	91¼	91¾	−1	−1¼	12.52
Neder Middenb. 6¾ 83 Fl.	75	96	96¾	+0¼	+0¼	7.44
New Zealand 6¾ 84 Fl.	75	96¼	96¾	−0¼	−0	7.51
Norway 7¾ 88 LuxFr.	250	96½	97½	−0¼	+0¼	8.52
Norway 6½ 83 Fl.	100	95¾	96¼	+0	+0¼	7.57
OKB 6½ 85 Fl.	75	92¼	92¾	+0	−0¼	7.99
Renault 7¾ 88 LuxFr.	500	97¼	97¾	−0¼	−0¼	8.12
Rowntree 10¼ 88 £	10	89½	90	−1¼	−2¼	12.12
Panama 8½ 93 EUA	20	97¾	98½	+0	−0¼	8.52
Rank O/S Hold. 11½ A$	12	96¾	97¼	−0¼	−0¼	12.26
SDR France 7 93 EUA	22	97	98	+0	−0¼	7.28
Sears 10¾ 88 £	15	89¾	90½	−1¼	−1¾	12.07
Swedish Inv. Bk. 8 88 LxFr	500	99¾	100¾	+0	−0¼	8.01
Whitbread 10½ 90 £	15	91¼	91¾	−0¼	−0¾	11.99

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
American Express 82	0¼	99½	100	20/10	8	8.02
Arab Intl. Bank M6.5 83	0¾	97	97½	31/1	9¾	9.64
Arab-Malay Dev. M7¼ 83	0¾	97¼	98¼	12/10	—	—
Banco Nac. Argent. M8 83	0¾	97½	98	21/1	9¾	9.59
Bank Handlowy M8 88	1½	97½	97¾	25/11	9.563	9.82
Banque Worms M5¾ 85	0¼	97¾	98¼	15/12	9	9.17
Bq. Ext. d'Alg. M8.375 84	0¾	97¼	98¼	9/2	9¾	9.82
Bque. Indo et Suez M5½	0¼	98½	98¾	25/1	9¾	9.53
Bq. Int. Afr. Occ. M6.5 83	0¼	97	97½	12/1	9¼	9.64
CCCE M5.25 98	0¼	97¼	97¾	3/2	9.188	9.41
CCF M5¾ 85	0¼	98¼	99	3/11	8¾	8.48
Chart. Japhet Int. M6 85	0¼	97¼	97¾	9/2	9¼	9.35
Chase Man. O/S M5½ 93	0¼	97¾	98	27/1	9.313	9.53
Costa-Rica M8½ 85	1½	100¼	100¾	10/4	11.188	11.15
Credit National M5½ 88	0¼	97¾	98¼	11/1	9.188	9.39
Enpetrol M7 86	0¼	98¾	99¼	21/3	10	10.11
SFTE M8 83	0¼	98¾	99¼	5/4	10.688	10.78
Ishikawajima M5¾ 85	0¼	99	99½	27/10	8¼	8.31
Ljubljanska M7.75 85	1	96¾	97¼	19/1	10¼	10.54
Midland Intl. M5½ 93	0¼	98	98½	20/1	9.438	9.61
Nat West. M5½ 90	0¼	98¼	99	21/12	9.313	9.43
Nippon Credit M5¾ 83	0¼	99¼	99¾	15/3	9¾	9.55
OKB 5¾ 88	0¼	98¾	99¼	18/10	—	—
Offshore Mining 86	0¼	98½	99	19/1	9.438	9.56
Standard Chart. M5.5 90	0¼	97¼	97¾	10/2	8.938	9.18
Sumitomo Heavy M5½ 83	0¼	99½	100	16/3	9.688	9.71
Sundsvallsbanken M6 85	0¼	97¾	98¼	4/4	10.063	10.28
Utd. Overseas Bk. M6 83	0¼	98¾	99¼	3/11	8.313	8.40

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 5½ 93	9/78	628	108¾	109¾	+0¼	12.52
Baker Int. Fin. 5½ 93	1/79	34	106¾	107¾	+0¾	7.63
Boots 6¾ 93	2/79	2.16	99½	100½	+0¼	−1.13
Coca-Cola Bottling 6¾	4/79	9	95	96	+0	9.87
Ito-Yokado 5¾ 93	6/78	1473	142¾	143¾	+0	−0.96
Texas Int. Air. 7¾ 93	4/79	14.5	95	96	−1	11.85
Thorn Int. Fin. 7 88	11/78	3.67	104¼	104¾	+0¾	−4.35
Tyco Int. Fin. 8¾ 88	9/78	21	106½	107½	+0½	2.14
Tyco Int. Fin. 5 84	5/78	61.5	75	76	+0¾	111.06
Asahi Optical 3½ DM	12/78	588	100¾	100¾	+0	14.59
Casio Comp. 3½ 85 DM	11/78	841	112¾	112¾	+0¼	5.79
Izumiya 3¾ 86 DM	10/78	989	114¼	114¾	−0¼	2.16
Jusco 3½ 86 DM	1/79	1270	105¾	106½	−0¼	19.49
Konishiroku 3½ 85 DM	1/79	612	100½	101	+0¼	10.59
Murata Man. 3½ 86 DM	11/78	854	100¾	101¼	+0¾	−0.70
Nippon Air. 3.5 88 DM	12/78	508	100¼	101	−0¼	8.60
Nippon Shinpan 3¾ DM	8/78	738	117½	118	−0¼	1.14
Nisshin Steel 4 86 DM	7/78	130	125¼	126¾	−0¼	0.51
Ricoh 3½ 86 DM	10/78	417	106¾	107½	+0¼	24.00
Sankyo Electric 3¾ DM	8/78	869	131¼	132	+0	10.13
Sanyo Electric 3½ DM	11/78	295	96½	97	−0¼	13.27
Seiyu Stores 3¾ 86 DM	9/78	1275	117¾	118¼	−0¼	−2.65
Stanley Electric 3½ DM	11/78	623	106¼	106¾	+0	13.96
Trio-Kenwood 3½ 86 DM	11/78	711	99½	100	+0	11.98

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Vallourec cuts first half loss

BY OUR OWN CORRESPONDENT PARIS, Oct. 10.

VALLOUREC, the French manufacturer of wide diameter steel tubes, has cut its losses sharply in the first half of the year and is promising further progress in the second.

Operating profits were FFr 84.1m ($19.5m) against FFr 22.6m. But after depreciation of FFr 94m, the final loss worked out at FFr 9.9m ($2.3m) over the same period of last year losses of FFr 35.4m occurred after FFr 58m of depreciation. The gain in turnover was almost 28 per cent to FFr 2.6bn.

Vallourec, with a highly specialised range of products and modern plant, is 58 per cent owned by the Denain Nord-Est Longwy group. DNEL needed the small consolation of Vallourec's performance to set against the FFr 4.5bn losses recorded over three years by its subsidiary, Usinor, the country's biggest steel-maker.

Now, with the wholesale restructuring of the steel industry, following the Government's decision to convert the main creditors into shareholders, in order to lighten the medium term burden of debt repayment, Vallourec's ownership is changing.

Under the new scheme, DNEL will cede a part of its stake to a holding company in which it will have 49 per cent of the capital. This holding company will itself be majority-owned by the new financial master company being created to bring together the group of creditors. DNEL will retain a direct 23.4 per cent stake in Vallourec.

● A sharp increase in first-half profits is reported by Cie Bancaire, the French holding company for a group of finance, loan and hire purchase operations.

Net profits for the six months to June emerge at FFr 143m ($33.2m) compared to FFr 115m a year earlier. Gross operating earnings for the half-year were FFr 522m, against FFr 412m, a rise of 27 per cent.

Disposals planned by Motor-Columbus

BY JOHN WICKS ZURICH, Oct. 10.

MOTOR-COLUMBUS, the Swiss utilities and industrial holding company is to concentrate its efforts on the power, civil engineering and real estate/construction sectors, according to the company's chairman, Herr Michael Kohn. The company, he said, is to divest its industrial, tourist and South American activities.

As part of this programme, Motor-Columbus has sold its one-sixth shareholding in the Swiss industrial concern SA des Cablaries et Trefilieries de Cossonay and has reached agreement in principle on the sale of its stake in the Argentine firm Cia. Italo-Argentina. Motor-Columbus and its affiliate Suedelektra are currently engaged in repatriating funds from Peru, following the sale of important holdings

Although the connected branches of real estate and building operations are to remain important parts of the group's business, Motor-Columbus experienced new losses last year of SwFr 19.1m in the Zurich-based contractor and property affiliate Mobag, despite a small profit of SwFr 0.5m from the foreign operations of Mobag International. This prevented the parent company, whose net profits were unchanged at SwFr 5.2m ($3.3m) for the year ended June 30, 1978, from increasing its dividend above the previous financial period's 4 per cent.

● The dividend of Ussec, the investment fund for American securities run by the Basle-based Societe Internationale de Placements—an affiliate of Credit Suisse—is to be reduced from SwFr 16 to SwFr 15 for the year ended August 31. The fund, over 88 per cent of whose assets are in U.S. shares and 5.5 per cent in convertible bonds, registered net income per certificate of SwFr 13.17, against SwFr 13.23, for the period. Due largely to the decline in the dollar exchange rate, total holdings dropped from SwFr 48.5m to SwFr 34.7m, the number of certificates in circulation falling to 85,817 from 88,196.

Heavier loss from Dutch shipbuilder

By Charles Batchelor

AMSTERDAM, Oct. 10.

RSV, the largest Dutch shipbuilding group, made substantially higher losses in the first 32 weeks of the current year. It expects the position to improve in the final 20 weeks but will still be heavily in the red due to the depressed state of its shipbuilding and repair activities.

The company reported a loss of Fl 47.8m ($23.2m) in the first 32 weeks, a rise of 68 per cent on the Fl 28.4m loss in 1977. The loss in the rest of the year will be considerably less than two thirds of the first period deficit, or about Fl 30m.

This will be partly due to the sale of RSV's remaining residential property. Deposits on the sale of some of the houses, which are rented to the company's workforce, were included in the first period result. RSV partly bases its hopes of an improvement in the second half on the continuation on the present slight upturn in the ship repair market.

The company's land based divisions and marine shipbuilding made a sizeable profit in the first 32 weeks. Despite government assistance in acquiring new orders granted under the plan to reorganise the Dutch shipbuliding industry, RSV has not been able to get sufficient orders to make full use of its shipbuilding and offshore capacity this year.

Turnover in the first 32 weeks fell slightly to Fl 1.6bn ($776m) from Fl 1.7bn in 1977. The total value of its order portfolio, excluding repair contracts, is about Fl 6.1bn

Late recovery at Rolinco

By Our Own Correspondent

AMSTERDAM, Oct. 10.

ROLINCO, the share investment fund which is part of the Robeco Group, has reported a recovery in its net assets in the second half of 1977-78. The downturn in the first half left its mark in the form of a decline in profits however.

The value of its shares rose 18 per cent in the year ended August 31. Total net assets amounted to just over Fl2.5bn ($1.2bn). Net asset value was again above the Fl2.4bn level of September 1977, and had recovered from the low point of Fl2.1bn reached at the halfway stage in March.

Net profit fell Fl3m to Fl80m ($39m), with the number of shares on issue down to 18.28m from 19.71m. A year ago profit per share was about 5 per cent higher.

THE PARIS BOURSE

Investors side-step the taxman

BY DAVID CURRY IN PARIS

ONLY THREE times in the past 25 years has the Paris stock market scored gains of 50 per cent in a 12 months, so this year's performance by share prices may be heading for the record book. The bourse index is currently showing growth of 55 per cent over January 1, and is no less than 74 per cent ahead of its low point of early February.

The man responsible for this upsurge in share prices is M. Monory, Minister for Economic Affairs, who is freeing industrial prices from control and proclaiming the therapeutic virtues of liberalism. For in July the National Assembly passed the "Loi Monory" intended to encourage the small saver to invest his money in the stock exchange in order to breathe financial life into industry.

The measure permitted a taxpayer to deduct, for each of the next four years, FFr 5,000 ($116) from his taxable income to be invested in shares, plus FFr 500 for each of the first two children and FFr 1,000 for each of the others. This money had to be invested in French stock.

Alternatively, the same amounts could be invested in special unit trusts holding 60 per cent of their portfolio in French shares.

The defeat of the Left in the March general election had already started the Bourse moving—indeed shares had been moving up since January when the Bourse began to smell election victory after the widening of the Socialist-Communist quarrel and the growing authority of M. Raymond Barre.

But the Monory measures, not only for their very real tax advantages, but also because of their symbolic value in proclaiming that capitalism was back in fashion, really put steam behind the rise.

The banks were quick off the mark. They were quick to produce their own "in-house" unit trusts or to "Monorise" existing trusts to tap a clientele which finds it easier to invest over the bank counter. About 15 such trusts are already functioning and have scored solid gains.

In the first nine months of this year the volume of transactions was up by 70 per cent. The average increase in French values across the bourse as a whole was 55 per cent, and on the term market the FFr 23.47bn turnover represented a 121 per cent rise on the previous year. The volume of transactions on French shares quoted on the term market jumped by 264 per cent.

Even more significantly, shares are the most impressive performers. Almost 57 per cent of volume was in shares against only 43 per cent last year, while the fixed interest market saw a more modest rise of 38 per cent.

Several major companies have jumped on to the bandwagon. Compagnie Francaise des Petroles announced a rights issue of FFr 588. Only to be topped by a Saint-Gobains FFr 594m issue within days. CGE, Lafarge and the French arm of BP have all decided to raise capital, and they will be followed by others. Some FFr 2.3bn has been raised since the summer by rights issues.

The banks and brokers agree that there are a lot of new shareholders being created by the Monory measures. The country's biggest bank, BNP, was first off the mark with its own special unit trust and collected FFr 100m in one month. Credit Lyonnais harvested FFr 50m in two days.

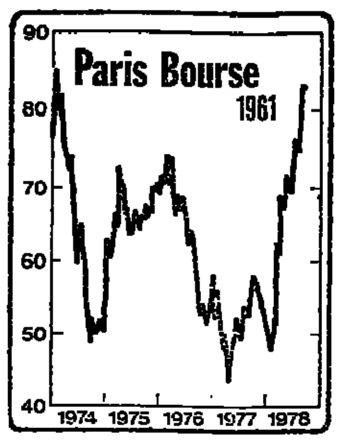
The advantages are very real. L'Express Magazine gives the example of a married man with three children earning FFr 110,000 but declaring after normal allowances FFr 80,000. His bill for tax would be FFr 9,981. If he devotes FFr 7,000 to share purchase he cuts his fiscal revenue to FFr 73,000 and pays on it FFr 1,750 less in tax.

For the large-scale shareholder the new measure is less interesting. But even a man with a portfolio of shares valued at FFr 150,000 and bringing in around 6 per cent in dividend would still gain a slight advantage in opting for the Monory formula rather than his existing allowances. The two cannot be combined.

But not everybody has been searching for capital gains. There is a group of investors seeking losses. For next year capital gains tax is introduced. But thanks to a Gaullist amendment, the shareholder is not obliged to declare at what date he acquired such shares.

Thus, the hunt is on for shares which have declined sharply since 1972 (making the steel companies very fashionable purchases). Shares bought today can be declared as having been bought in 1972, thus establishing a tax loss which can be spread over five years. In the present mood of the Paris Bourse, even the losers are winning.

French bankers and unit trust managers are asking the government to delay the deadline by which share purchases under the "Monory law" can be made. The draft Bill approved by the National Assembly sets December 31 as the final date for share purchases which are to qualify for advantages.



Better prospects for Holmens

BY WILLIAM DULLFORCE STOCKHOLM, Oct. 10.

HOLMENS BRUK, Europe's largest newsprint manufacturer, reports a further fall in profits during the first eight months, but expects to perform much better during the rest of the year, to put 1978 earnings ahead of last year's.

Pre-tax earnings during the first eight months were SKr 24m ($5.5m) against SKr 35m in the corresponding period last year. Turnover climbed from SKr 833m to just over SKr 1bn, and operating profit was well ahead at SKr 143m against SKr 97m. But net financial costs trebled to SKr 57m and depreciation charges were up by SKr 19m to SKr 62m.

These sharp changes were largely due to the commissioning of the new 170,000-tonne newsprint mill at Braviken last September. Until the start-up, interest was payable on this SKr 660m investment.

During the eight-month period, Holmen was able to utilise only about 80 per cent of its increased newsprint and magazine paper capacity. Stocks of finished goods have increased since the beginning of the year, but are reported to be not above normal.

Demand for wood-containing printing papers has strengthened since the summer and Holmen expects to operate at a considerably higher utilisation rate during the last four months of the year. Paper production is forecast to grow by 15 per cent from 1977, while the final turnover figure should be around SKr 1.75bn, a 20 per cent growth rate.

The 1978 operating profit should fall within the SKr 225m-SKr 235m bracket against SKr 161m last year, but the higher interest and depreciation charges will bring the pre-tax figure down to SKr 45m-SKr 55m against SKr 40m in 1977.

After completion of the first phase of the Braviken expansion, Holmen's investments will plunge from SKr 404m last year to an estimated SKr 75m in 1978. During the first eight months the company took up SKr 185m in new long-term loans and amortised SKr 65m. The short-term debt has been reduced considerably and the company's liquidity is reported to have improved.

Swiss rates return to 3% with SwFr 60m issue

BY JOHN WICKS ZURICH, Oct. 10.

A RETURN to 3 per cent coupons has been made by the Swiss domestic bond market with a SwFr 60m ($38m) issue, for subscription between October 16 and 20, of Canton Argovia. The 10-year loan will be priced at 99½.

In March of this year, the City of Zurich had floated 3 per cent bonds with a 13-year maturity, priced at 99 per cent but this was an isolated case and the market rate for first-class borrowers subsequently rose again. Swiss capital market rates are currently at their lowest levels since the 1950s.

Other new domestic issues scheduled for mid-October include a 3¼ per cent float of SwFr 50m by the Zurich Cantonal Bank over 12 years and priced at 101 per cent, and a SwFr 100m issue by the nuclear power station Kernkraftwerke Leibstadt, also with a 12-year maturity; the interest rate is 3¾ per cent and priced at par.

* * *

The Swiss heating company Oertli AG, of Duebendorf, has acquired the Danish burner manufacturer Danheat. Oertli claims to be the first non-Scandinavian company to obtain a noticeable position in this market. Danheat has a 15 per cent market share.

INTL. FINANCIAL AND COMPANY NEWS

NORINCHUKIN BANK

Surging ahead on the rice harvest

BY ROBERT WOOD IN TOKYO

JAPAN'S rice farmers are preparing to harvest one of their largest crops ever. For Norinchukin Bank—the central bank for agricultural and forestry co-operatives—this threatens to create a cash surplus without parallel anywhere in the world. As farmers deposit money from the harvest in their local agricultural co-operatives, the co-operatives, facing a weak demand for loans, will in turn deposit the money with their prefectural co-operative federations. These federations—also having little scope to make loans—will invest about half the money in Norinchukin's special one-year time deposits, which pay interest of 6.3 per cent.

Norinchukin will then have to find a use for the money—facing the problem that short-term interest rates in Japan are as low as 4 per cent to 5 per cent, while there are few opportunities to make profitable long-term loans.

Each extra deposit almost inevitably means a net loss for Norinchukin. In order to report an acceptable profit, of Y8.5bn ($44.7m) last year, the bank had to support its results with sales of securities it would otherwise have continued to hold—a practice that is permitted under Japanese law.

Norinchukin officials nevertheless welcome the harvest money. They believe that it will give their bank—an institution with only 3,000 employees—the largest assets of any financial institution in Japan.

They argue that the bank did not appear in any international list of the world's largest banks until a compilation by The Banker listed it this year, when it was shown as the 27th largest bank in the world, and the seventh largest in Japan.

Norinchukin's recent growth has been striking. Assets rose 28 per cent during the fiscal year to March 31, reaching Y8.7 trillion (million million). Because of the rise of the yen during the period, assets in dollar terms rose nearly 60 per cent, to $39bn.

The bank's officials say that Norinchukin is now number two in Japan, behind Dai-Ichi Kangyo Bank. By November they expect to be number one.

For Norinchukin Bank, the central Japanese bank for agricultural and forestry co-operatives, the coming rice crop threatens to create a cash surplus without parallel anywhere in the world. In spite of difficulties over where to invest the funds involved to secure an adequate return, Norinchukin welcomes the money on the grounds that by next month it expects to be the largest bank in Japan.

Norinchukin, which is owned by Japan's agricultural cooperatives, is not the world's only gigantic agricultural bank. The listing by The Banker showed France's Caisse Nationale de Credit Agricole as the largest bank outside the U.S. But Norinchukin's rapid growth has created unprecedented liquidity. Half its assets are short-term investments paying less than the bank pays to its depositors.

Norinchukin lends to agriculture-related companies, and invests the rest of its money in securities. Sometimes its clients' relationship to agriculture is tenuous — almost any chemical company is "agriculture-related," because it makes agricultural chemicals. But even a weak limitation on the use of Norinchukin's funds exacerbates the problem of finding uses for money.

The trend in Japanese interest rates has also worked against Norinchukin more than against other banks. Its one-year time deposits from prefectural co-operative federations have always paid interest a a rate slightly above that paid by long-term credit banks on five-year debentures sold to the public. Since the cost of handling deposits from prefectural federations was far below the cost of selling debentures to the public these deposits were, traditionally, a profitable source of funds despite their relatively short maturity.

But short-term rates have dropped so far below the rate on long-term debentures that Norinchukin is now paying 6.3 per cent for one-year deposits, while public corporations are selling their one-year bonds to other financial institutions at 4.75 per cent. The bank is now changing its rules so that it can cut its rates further.

Hearing about Norinchukin's accumulation of funds, foreign bankers have begun seeking its participation in internationally syndicated loans. But the bank has had to turn down most such proposals because Ministry of Finance regulations limit it to $2m in net foreign currency assets or liabilities. The limit would not prevent the bank from investing much larger amounts abroad if the investments could be hedged against foreign exchange risk—but they rarely can.

All Japanese banks have limitations on their net foreign liabilities, as a safeguard against foreign exchange losses, but Norinchukin officials say that no other major bank has a limit as trifling as theirs. Now that they have heavy excess liquidity, while interest rates are far higher abroad than at home, and the Government is trying to promote foreign investment to reduce Japan's balance of payments surplus, the bank is petitioning for an increase of "a huge amount" in its limit.

Norinchukin says that the Ministry of Finance appears willing to accept a move of this kind, but that there is little likelihood of the ministry removing its restrictions entirely.

The bank is optimistic that Japanese loan demand will return to normal within the next few years, and that its swollen deposit base will then stand it in good stead. The bank says that last year it would just about have broken even without juggling its securities portfolio for paper profits at the year end. It is investing now in maturities of one-to-three years, expecting Japanese long-term loan demand to have expanded by the time the investments are repaid, and that it will be able then to employ its money profitably.

News Ltd. dividend raised despite setback

BY JAMES FORTH — SYDNEY, Oct. 10.

NEWS LIMITED, the international newspaper, publishing and media group, suffered a 4 per cent downturn in group profit for the year to June 30, mainly affected by the purchase early last year of The New York Post, the struggling New York afternoon newspaper. However, the dividend has been increased from 8 cents a share to 9 cents and is still well-covered by earnings of 42 cents a share compared with 44 cents in 1976-77. The group profit actually declined from A$13.99m to A$13.4m (U.S.$15.6m)

The decline came in the equity accounted profits from associated companies, which dropped from A$4.75m to A$2.97m. The directors said the lower result came about mainly because of the inclusion of the full year's equity share of the development costs and the "adverse trading" of the New York Post.

The previous year's results had incorporated only the half year's trading. The New York Post was acquired at the start of 1977 for just over U.S.$30m. Since the balance date the Post, along with New York's two other daily newspapers, has been involved in an eight-week strike which put the papers off the street, but the Post has now reached an agreement with the unions involved and is back in publication.

The directors said that the group's earlier acquisitions in the U.S. had traded profitably during the year.

The group's operations in the UK, which include the Sun and the News of the Woird, had again made substantial contributions to profit, despite the industrial and economic conditions that prevailed. News International, the UK arm of the group, last month reported a rise in pre-tax profit from pounds £7.89m to £9.08m (A$15.5m) in the half-year to June 30.

The Australian economy generally had not responded as expected and some of the group's newspapers, particularly in Sydney had experienced difficult trading conditions during some months. Overall costs increased although newsprint prices were fairly stable. Revenue rose by 13 per cent, from A$173m to A$196m (U.S.$227m). The group's television subsidiaries had increased profits, but those engaged in recording and book publishing contributed less to the group result.

The result represented a sharp turnaround during the year. In the first half profit rose 26 per cent, from A$8.4m to A$10.6m, but plunged 50 per cent in the second half, from A$5.6m to A$2.8m.

Wolfson-Clore-Mayer profits up

BY L. DANIEL — TEL AVIV, Oct. 10.

WOLFSON-CLORE-MAYER Corporation has announced a rise in its net profit for 1977-78 to I£20m ($1.1m), from I£3.4m in the previous year.

Profits were increased by extraordinary income from the sale of a hotel for I£13.8m, and were achieved despite a loss of I£7m arising from the fall in the Israeli pound after its float at end-October, 1977, at a time when the company's liabilities in foreign currencies exceeded its foreign currency assets.

Wolfson-Clore-Mayer — which owns the whole of the Tel Aviv municipal building, the Shalom Department store (as to 66.7 per cent), the Jerusalem Development and Mortgage Bank (64.5 per cent), the Yitzhak Wolfson Company, for housing, in Jerusalem (100 per cent), and has a controlling interest in two other real estate firms—will pay a gross dividend in respect of 1977-1978 of 15 per cent, compared with 12.6 per cent in the fiscal year 1976-77.

The book value of its assets is given as I£167.4m (US$ 8.8m) (up 29 per cent), while its time deposits in foreign currency grew from nil to the equivalent of I£17.7m.

* * *

ARGAMAN Industries, one of Israel's leading textile producers, which also makes and sells textile machinery through a subsidiary—reports that its net profit doubled in 1977-78 to I£17.5m ($1m). It is proposed to pay an unchanged dividend of 10 per cent in cash and bonus shares at the rate of one-for-five.

Total sales rose by 72 per cent to I£280m ($16m). Export sales alone increased at a faster rate—by 93 per cent to I£70m. Costs increased by 85 per cent to I£259.7m. Much of the increase in gross and net profit was accounted for the gains from investments in index-linked Government bonds (which are not taxable) and which came to I£6.4m (nil in 1976-77).

Argaman engages mainly in dyeing and finishing of materials, and weaving of woollen and synthetic materials. A subsidiary making printed cotton cloth for export, which started operations last year, was the only member of the group to show a loss.

A profit was shown by Arel and by Argatan, Argaman's subsidiaries which plan, produce and market control equipment for the textile industry.

Reuter

Losses rise at Harbour Engineering

By Anthony Rowley

HONG KONG, Oct. 10.

HARBOUR ENGINEERING, a subsidiary of Hutchison Whampoa announced a consolidated loss of HK$3.35m (U.S.$712,000) after extraordinary items for the first half of this year. This compares with a loss of HK$2.29m for the corresponding period of last year. No interim dividend is being paid.

The chairman, Mr. J. A. Richardson, said that the company had limited its operations in the first half of 1978 in order to work out contracts entered into by the previous management. Good progress had been made on the majority of these contracts but the company was still exposed to potential losses on some of them, which would mean further losses for the company.

The size of these losses could not be forecast, he said. Work was now being tendered for "realistic margins."

A 'difficult year' for Challenge

BY DONALD MACLEAN

CHALLENGE CORPORATION, the diversified concern, which claims to be New Zealand's largest company in terms of turnover faced the most difficult conditions, overall, experienced by most of its executives in the year to June 30, Mr. Ron Trotter, the chairman says in the annual report.

The year's net income, including results of associate companies fell by 21 per cent to NZ$10.25m (U.S.$10.9m), from NZ$13m in the previous year.

The return on average shareholders funds, fell to 8.4 per cent, from 11.3 per cent, reaching a level Mr. Trotter says which "is quite inadequate."

Nevertheless, steps "were taken to meet the situation," and "most units did well to achieve the results they did."

At the same time, the outlook for the first half of the current year is seen as favourable. The company believes that the New Zealand Government's steps to restructure the economy have "a long way to go before the problems of inflation and the balance of payments are overcome."

In 1977-78, the group was hit by the economic recession, by drought, cost inflation, and "the unprecedented tightness of liquidity for most of the year," which affected business in general. Most strongly affected were the group's motor, trading and manufacturing subsidiaries.

Challenge's rural business accounting for 57 per cent of the group's total of NZ$757.9m (U.S.$806m), which was down 4.8 per cent, is regarded by the company as fundamental to group operations. In the farming sector, costs suffered a continued rise, and it was not until half-way through the year that it was able to "adjust some charges."

Until the Moneylenders' Act was amended in November, the company was restricted to an interest rate "well below the cost of funds."

The broad finance area was the only sector of the group's operations to achieve "a significant profit improvement." Net income from finance and property development rose to NZ$1.15m, from NZ$484,000. Challenge Finance is said to have continued its seady growth, with a profit increase of 56 per cent.

Challenge Securities, whose results were the previous year affected by the release of interest controls, resumed its upward growth pattern.

The American Express franchise, South Pacific Credit Card, produced its maiden profit.

Israeli computer centre

BY L. DANIEL — TEL AVIV, Oct. 10.

NATIONAL SEMICONDUCTOR of California has opened a $1m centre at Herzliah, close to Tel Aviv, for the design of what it believes may become the next generation of mini-computers.

The centre, which will be headed by an Israeli who, until recently, was manager of advanced microprocessor products at the company's headquarters at Santa Clara, will employ 40 large computers.

Israel was chosen as the site of the design centre because of the availability of well-trained personnel, according to Mr. Pierre Lamond, vice-president of National. He disclosed that the company is in the "very preliminary stages" of exploring the possibility of building a production plant in Israel, to complement the design centre. Such a plant would be the first of its kind in Israel.

Intel, a direct competitor of National in many areas, also has a microprocessor design centre in Israel at Haifa, but it, too, concentrates so far on design only.

New Zealand stock offer

By Dai Hayward

WELLINGTON, Oct. 10.

THE New Zealand Government is offering a new type of stock, designed to appeal to a broad range of investors. The stock, with an interest rate of 11 per cent, has a term of five years, but could be redeemed at any date after December 15, 1979. The issue of the stock, the New Zealand Government savings stock, is seen as supporting the Government's effort to finance its expenditure by non-inflationary measures.

The issue, which opened this month, will run until December 15. The acting Minister of Finance, Mr. Hugh Templeton, says that the easy redeemability and interest rate will appeal to investors seeking a secure investment who wish to retain the option of having their capital readily available. The maximum amount which may be held by any one investor is NZ$250,000.

Subsidiary of OUB to go public

SINGAPORE, Oct. 10.

OVERSEAS UNION SECURITIES, the subsidiary of (Overseas Union Bank (OUB) is to offer 12.5m new shares of S$1 each at par for public subscription, the bank said.

A prospectus is to be issued on Thursday, and the application list will open and close on October 24. Of the new shares, 1.25m will be reserved for management and staff of the OUB group.

The issue will increase the paid-up capital of Overseas Union Securities to S$25m (U.S.$11.3m) from S$12.5m. The company, incorporated on October 22, last year, has an authorised capital of S$50m.

Zim pays $1m to settle U.S. rebates dispute

NEW YORK, Oct. 10.

ZIM ISRAEL NAVIGATION Company said that it agreed to a recent $1m penalty to settle U.S. charges of illegal rebates, because it wanted to avoid lengthy litigation.

The Israeli steamship company said that it settled because the U.S. was demanding that Zim produces documents that Israeli law would have prohibited Zim from producing, and that this would have wound up in a long legal test.

Zim also said that the settlement with the U.S. was not an admission of liability by Zim.

AP-DJ

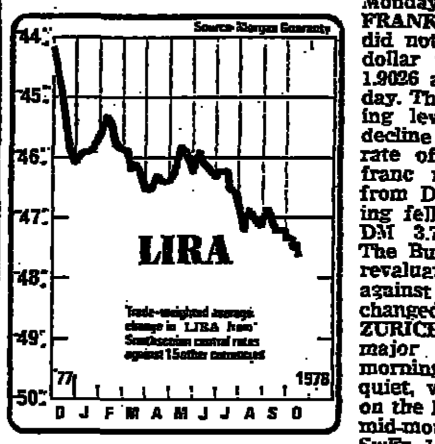
Currency, Money and Gold Markets

Dollar declines in thin trading

The U.S. dollar closed fairly near its weakest levels of the day against other major currencies. The foreign exchange market was slightly more active than on Monday, but trading was not heavy. The dollar touched a best level of SwFr 1.5870 against the Swiss franc, before falling to a low point of SwFr 1.5675, and closing at SwFr 1.5720, compared with SwFr 1.5850 previously.

In terms of the Deutsche Mark the dollar rose to DM 1.9060, and fell to a low point of DM 1.8910, before closing at DM 1.8935, against DM 1.9040 on Monday.

The Belgian franc, Dutch guilder, Danish krone, and Norwegian krone, members of the European currency snake, remained under pressure against Deutsche Mark, and continued to rise against the dollar, in line with the German currency.



All members of the snake, with the exception of the Deutsche Mark, were again at a discount against the dollar in the forward market.

The French franc was slightly weaker against the dollar, easing to FFr 4.2970 from FFr 4.2945, but the Italian lira and sterling gained ground.

The pound opened at $1.9775-$1.9785, and touched a low point of $1.9765-1.9775, before rising to about $1.9825 at noon. Sterling improved to $1.9845-1.9855 in the afternoon, and closed at $1.9830-$1.9840, a rise of 30 points on the day.

Forward sterling was also firmer, with the three-month discount against the dollar narrowing to 1.45 cent from 1.59 cent. The pound's trade-weighted index fell to 62.6 from 62.7 on Bank of England figures, and stood at 62.6 at noon and in the morning. The dollar's depreciation, as calculated by Morgan Guaranty, was unchanged from Friday, at 9.6 per cent.

NEW YORK—In quiet trading the dollar lost ground against most major currencies during the morning. There was some nervousness surrounding the Canadian dollar however, which is expected to come under increased pressure as a result of the end of dividend controls on Friday.

BRUSSELS—The dollar fell to BFr 29.85½-30.00½ at the fixing from BFr 29.88½-30.03½ previously. The French franc also lost ground against the Belgian franc, and was fixed at BFr 6.9470-6.9770, compared with BFr 6.9690-6.9990 on Monday.

FRANKFURT—The Bundesbank did not intervene when the U.S. dollar was fixed at DM 1.8946-1.9026 against the D-mark yesterday. This was the third lowest fixing level ever recorded, and a decline from the early morning rate of DM 1.9045. The Swiss franc rose to DM 1.2020-1.2040 from DM 1.1989-1.2009, and sterling fell to DM 3.7550-3.7690 from DM 3.7630-3.7770 at the fixing. The Bundesbank's trade-weighted revaluation index of the D-mark against 22 currencies was unchanged at 150.9.

ZURICH—The dollar eased against major currencies during the morning, but trading was fairly quiet, with the currency drifting on the lack of any new factors. At mid-morning the dollar was SwFr 1.5812½, compared with an early rate of SwFr 1.5842½, against the Swiss franc.

MILAN—The dollar was slightly easier at yesterday's fixing, falling to L819.70 from L820.05. Trading was slow, with the Bank of Italy supplying most of the $8m. exchanged. The D-mark rose to a record high of L431.70 from L431.06, and the Swiss franc was also firmer against the lira, at L519, compared with L516.76 previously.

PARIS—The dollar rose to FFr 4.2920-4.3040 against the French franc at yesterday's fixing, from FFr 4.2847½-4.2967½ on Monday. The D-mark was also also firmer against the French currency, at FFr 2.2615-2.2665, compared with FFr 2.2529-2.2579

THE POUND SPOT / FORWARD AGAINST £

Oct. 10	Bank rates %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	8	1.9765-1.9855	1.9830-1.9840	0.52-0.42c pm	2.84	1.58-1.48c pm	[illegible]
Canadian $	8½	2.3230-2.3475	2.3465-2.3475	0.66-0.55c pm	3.07	2.05-1.95c pm	[illegible]
Guilder	5½	4.07-4.10	4.07½-4.08½	1½-2½ c. dis	-5.88	½-1 c. dis	[illegible]
Belgium F	6	58.15-58.58	58.15-58.25	10.25 c. dis	-3.55	20 c.pm-par	[illegible]
Danish K	8	10.41-10.44	10.41-10.42	1¼-3¼ ore dis	-2.58	8½-8½ ore dis	[illegible]
D-Mark	3	3.75-3.78	3.75½-3.76½	5¼-2¼ pf pm	8.77	8¼-8¼ pf pm	[illegible]
Port. Esc.	18	89.00-90.00	89.25-89.75	50-150 c dis	-15.41	300-450 c. dis	[illegible]
Span. Pes.	8	140.75-141.05	140.85-141.05	25-125 c. dis	-6.38	125-225 c. dis	[illegible]
Lira	10½	1,622½-1,626½	1,625½-1,626½	2½-5½ lire dis	-2.77	9-13 lire dis	[illegible]
Nrwgn. K.	7	9.95½-10.00	9.96-9.97	1½-3½ ore dis	-3.31	5-7 ore dis	[illegible]
French Fr.	9½	8.48½-8.55½	8.55½-8.56½	5¼-2¼ c. pm	3.17	8¼-7¼ c. pm	[illegible]
Swedish Kr	6½	8.65-8.67½	8.62-8.63	3½-1½ ore pm	3.48	7½-5½ ore pm	[illegible]
Yen	3½	570-578	572½-574½	3.20-2.90 y pm	9.79	9.15-8.85 y pm	[illegible]
Austria Sch	4½	27.25-27.40	27.30-27.40	17.7 gro pm	5.27	40-30 gro pm	[illegible]
Swiss Fr.	1	3.11-3.15	3.11½-3.12½	3½-2½ c pm	11.54	10½-8½ c pm	[illegible]

Belgian rate is for convertible francs. Financial franc 62.80-62.90.

Six-month forward dollar 3.17-3.07c pm. 12-month 5.65-5.55c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

October 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	84.62-84.92	84.62-84.65	par-0.02c pm	0.13	0.07-0.10c pm	[illegible]
Guilder	2.0560-2.0635	2.0560-2.0575	1.35-1.30c dis	-7.58	1.42-1.57c dis	[illegible]
Belgian Fr	29.87-30.03	29.87-29.90	15-20c dis	-7.03	15-20c dis	[illegible]
Danish Kr	5.2540-5.2660	5.2560-5.2565	2.75-3.25ore dis	-6.85	7.75-8.25ore dis	[illegible]
D-Mark	1.8920-1.9050	1.8920-1.8930	1.01-0.96pf pm	5.82	3.05-3.01pf pm	[illegible]
Port. Esc	45.00-45.25	45.00-45.20	35-180c dis	-28.60	130-560c dis	[illegible]
Lira	819.00-820.75	819.00-819.50	4-5½ lire dis	-5.85	11-13 lire dis	[illegible]
Nrwgn. Kr	5.0245-5.0480	5.0245-5.0255	2.50-3.00ore dis	-6.57	7.50-8.00ore dis	[illegible]
French Fr	4.2920-4.3025	4.2950-4.2970	0.55-0.45c pm	1.64	0.70-0.55c pm	[illegible]
Swedish Kr	4.3680-4.3750	4.3680-4.3690	0.20ore pm-par	0.27	0.30-0.10ore pm	[illegible]
Yen	187.90-188.55	187.90-188.10	1.15-1.05y pm	6.45	3.25-3.15y pm	[illegible]
Austria Sch	13.73½-13.80	13.73½-13.74½	3.75-2.75gro pm	2.84	9.00-6.50gro pm	[illegible]
Swiss Fr	1.5690-1.5855	1.5690-1.5705	1.25-1.20c pm	8.77	3.80-3.75c pm	[illegible]

* U.S. cents per Canadian $.

CURRENCY RATES

October 9	Special Drawing Rights	European Unit of Account
Sterling	Unavailable	0.673058
U.S. dollar	"	1.33341
Canadian dollar	"	1.57046
Austrian schilling	"	18.4886
Belgian franc	"	39.9524
Danish krone	"	7.02523
Deutsche Mark	"	2.53664
Guilder	"	2.74884
French franc	"	5.72216
Lira	"	1093.69
Yen	"	258.934
Norwegian krone	"	6.71088
Peseta	"	94.8425
Swedish krona	"	5.82621
Swiss franc	"	2.11467

CURRENCY MOVEMENTS

October 10	Bank of England Index	Morgan Guaranty changes %
Sterling	62.60	[illegible]
U.S. dollar	83.30	[illegible]
Canadian dollar	79.14	[illegible]
Austrian schilling	144.19	[illegible]
Belgian franc	113.08	[illegible]
Danish krone	116.27	[illegible]
Deutsche Mark	146.56	[illegible]
Swiss franc	206.53	[illegible]
Guilder	122.32	[illegible]
French franc	98.71	[illegible]
Lira	55.64	[illegible]
Yen	153.87	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Oct. 10	£	$		£ Note Rates
Argentina Peso	1,723-1,727	868.67-870.68	Austria	27.0-28.[illegible]
Australia Dollar	1.7070-1.7120	0.8623-0.8634	Belgium	62.20-63.[illegible]
Finland Markka	7.92-7.94	4.0030-4.0050	Denmark	10.40-10.[illegible]
Brazil Cruzeiro	37.51-38.51	18.91-19.41	France	8.45-8.[illegible]
Greece Drachma	71.061-72.801	35.83-36.70	Germany	3.72-3.[illegible]
Hong Kong Dollar	9.35-9.37	4.7139-4.7240	Italy	1590-16[illegible]
Iran Rial	136-142	68.56-71.59	Japan	371-38[illegible]
Kuwait Dinar (KD)	0.532-0.542	0.2682-0.2732	Netherlands	4.05-4.1[illegible]
Luxembourg Franc	59.15-59.25	29.83-29.85	Norway	9.95-10.[illegible]
Malaysia Dollar	4.44½-4.46	2.2480-2.2530	Portugal	92-108
New Zealand Dollar	1.8589-1.8659	0.9383-0.9408	Spain	142¼-147[illegible]
Saudi Arabia Riyal	6.52-6.62	3.2871-3.3375	Switzerland	3.10-3.2[illegible]
Singapore Dollar	4.36-4.37½	2.2060-2.2070	United States	1.98-1.99
South African Rand	1.704-1.7304	0.8593-0.8724	Yugoslavia	40-42

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Oct. 10	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.984	3.760	373.5	8.525	3.120	4.080	1626.	2.347	59.2[illegible]
U.S. Dollar	0.504	1.	1.896	188.3	4.298	1.573	2.057	819.8	1.183	29.8[illegible]
Deutsche Mark	0.266	0.528	1.	99.34	2.267	0.830	1.085	432.4	0.624	15.7[illegible]
Japanese Yen 1,000	2.677	5.311	10.07	1000.	22.82	8.353	10.92	4353.	6.284	158.[illegible]
French Franc 10	1.173	2.327	4.411	438.1	10.	3.660	4.786	1907.	2.753	69.4[illegible]
Swiss Franc	0.321	0.636	1.205	119.7	2.732	1.	1.308	521.2	0.752	18.9[illegible]
Dutch Guilder	0.245	0.486	0.922	91.54	2.089	0.765	1.	398.5	0.575	14.5[illegible]
Italian Lira 1,000	0.615	1.220	2.312	229.7	5.243	1.919	2.509	1000.	1.443	36.4[illegible]
Canadian Dollar	0.426	0.845	1.602	159.1	3.632	1.329	1.738	692.8	1.	25.2[illegible]
Belgian Franc 100	1.689	3.351	6.351	630.9	14.40	5.270	6.892	2747.	3.965	100.

EURO-CURRENCY INTEREST RATES*

Oct. 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	8¾-9¼	8½-9	8¼-9¼	20-23	par-⅛	3⅛-3⅜	7-7¼	12-15		[illegible]
7 day's notice	10⅝-11⅛	8¾-9⅛	8¼-9¼	18-21	par-⅛	[illegible]	7⅛-7⅝	10-17	8⅛-9⅛	[illegible]
Month	11⅝-12¼	9-9	8¾-9⅛	17-17½	⅛-⅛	3⅛-3⅛	7⅞-8⅛	14¾-15¾	9⅛-9¼	[illegible]
Three months	12¾-13¼	9⅞-10⅛	9⅛-9⅞	12¼-12¾	⅜-½	3⅞-3⅞	9¼-9½	14½-15½	9⅞-10⅛	[illegible]
Six months	13¼-13¾	9⅞-10⅛	9⅞-9⅞	10¼-10¾	½-⅝	3⅝-3¾	9⅝-9⅞	14-15	9⅞-10⅛	[illegible]
One year	13⅛-13⅝	9⅞-10⅛	9⅛-9⅞	9-9½	¾-⅞	3⅞-3⅞	10⅛-10⅝	13½-14½	9⅞-10⅛	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 9.05-9.15 per cent; three months 9.55-9.60 per cent; six months 9.[illegible] per cent; one year 9.80-9.90 per cent.

Long-term Eurodollar deposits: Two years 9 11/16-9 9/16 per cent; three years 9 11/16-9 9/16 per cent; four years 9 11/16-9 9/16 per cent; five years 9 7/16-9 5/16 per cent no[illegible] closing rates. Short term rates are call for sterling, U.S. dollars and Canadian dollars and Canadian dollars, two day call for guilders and Swiss francs. Asian rates closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Rise in Belgian rates

The rate on Belgian four-month bond fund papers rose from 7.5 per cent to 7.75 per cent at yesterday's auction as announced by the Belgian National Bank. At the same time the rates on six- and 12-month Treasury certificates were raised to 7.9 per cent and 8.0 per cent respectively from 7.4 per cent and 7.7 per cent. However it was stressed that these rises were designed to bring rates more in line with market movements. This was underlined by the authorities leaving the one-, two- and three-month Treasury certificates unchanged at 7.25 per cent, 7.5 per cent and 7.75 per cent. Consequently it is now generally felt in foreign exchange and money markets that the Central Bank's lombard and discount rates will be left unchanged at to-day's Board meeting.

Deposit rates for the Belgian franc (commercial) were firmer throughout with one-month at 7¾-7⅞ per cent from 7⅝-7⅝ per cent previously. Three-month deposits rose to 8-8½ per cent against 7¾-8¼ per cent as did six-month funds to 8⅛-8⅝ per cent from 8-8½ per cent. 12-month funds rose to 8⅛-8⅝ per cent from 8-8½ per cent.

NEW YORK—With Federal funds trading at 8 11/16-8⅞ per cent, the Federal Reserve Bank entered the market to inject liquidity into the system by making two-day repurchase orders. Later in the day there was further intervention when the Fed made overnight agreements when Federal funds reached 9 per cent.

Treasury bills were generally mixed with 13-week bills at 8.24 per cent compared with an average of 8.256 per cent at Friday's auction and 26-week bills at 8.11 per cent against 8.122 per cent at the auction. One-year bills were slightly firmer at 8.28 per cent from 8.27 per cent. One-month certificates of deposit were unchanged at 8.85 per cent as was the two-month rate at 9.0 per cent. Three-month certificates rose slightly to 9.18 per cent from 9.15 per cent.

Bankers acceptance offered rates were quoted at 8.65 per cent for 30-days, 8.75 per cent for 60-days and 8.85 per cent for 90-days. The rate for 120-days stood at 8.90 per cent, 8.95 per cent for 150-days and 9.0 per cent for 180-days. High grade commercial paper was quoted at 8.80 per cent for 30-days, 8.90 per cent for 60-days and 8.95 per cent for 90-days.

PARIS—Money market rates continued to decline following Monday's easier conditions with one-month money at 6 15/16-7 1/16 per cent against 7⅛ per cent. While the three-month rate stayed at 7¼-7⅜ per cent, six-month funds eased to 7 7/16-7 9/16 per cent, compared with 7½-7⅝ per cent. The one-year rate also fell to 8 3/16-8 5/16 per cent from 8⅜-8½ per cent.

FRANKFURT — Interbank money market rates showed little change overall, from 3.4-3.45 per cent for call money through a 4.2-4.3 per cent for one-year.

GOLD

Record level

Gold continued to rise in London bullion market yesterday finishing at a record closing of $225¾-226, a rise of $3½ on the day. The metal opened at $223¼-224, and was fixed at $225.80 (£112.855) in the morning. Demand for other metals, particularly platinum, seemed to be behind gold's further rise, it was fixed at $225.80 (£113.850) in the afternoon. The New York market opened firm, and touched a best level of $226½ before easing slightly at the close.

	Oct. 10	Oct. 9
Gold Bullion (a fine ounce)		
Close	$225¾-226	[illegible]
Opening	$223¼-224	[illegible]
Morning fixing	$225.80 (£112.855)	[illegible]
Afternoon fixing	$225.80 (£113.850)	[illegible]
Gold Coins domestically		
Krugerrand	$230½-232½ (£116½-117½)	[illegible]
New Sovereigns	$65-66 (£31½-32½)	[illegible]
Old Sovereigns	$61½-63½ (£31-32)	[illegible]
Gold Coins internationally		
Krugerrand	$231½-233½ (£116½-117½)	[illegible]
New Sovereigns	$60½-62½ (£30½-31½)	[illegible]
Old Sovereigns	$61½-63½ (£31-32)	[illegible]
$20 Eagles	$307-310	[illegible]
$10 Eagles	$159-164	[illegible]
$5 Eagles	$108-113	[illegible]

UK MONEY MARKET

Moderate assistance

Day to day credit was in short supply in the London money market yesterday and the authorities gave assistance by buying a moderate amount of Treasury bills all direct from the discount houses. There seemed to be some doubt as to whether this had been enough and interest rates at the close tended to hint towards the assistance being slightly underdone. Discount houses were paying around 8¼ per cent for secured call loans at the start and closing balances were taken between 8 per cent and 8½ per cent.

Factors affecting the market were all on the minus side with banks bringing forward balances below target and a slight increase in the note circulation. There was also a modest excess of revenue transfers to the Exchequer over Government disbursements and a slight net take up of Treasury bills.

In the interbank market overnight loans opened at 8½-8⅝ per cent and rose to 8⅞ per cent on the forecast with most of the day's trading at 8½-8⅞ per cent. Some balances were taken at 8 per cent but rates at the close firmed up to around 9 per cent. Activity in the longer rates increased after favourable reaction to the latest banking statistics.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Oct. 10 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	8-9	—	—	—	8⅞-9	7-9⅛	—	—	—
2 days notice	—	—	8⅞	—	—	—	—	—	—	—
7 days or 7 days notice	—	—	—	—	—	9⅛	—	—	—	—
One month	9 1/16-9⅛	8⅝-8⅞	9-9⅛	—	9⅝	—	8½-8¾	—	—	—
Two months	9⅝-9½	9⅛-9¼	9-9¼	9⅛-9⅞	9⅝	9½-9⅝	8¾-9¼	9⅛-9 7/16	9 7/16-9 7/16	10⅛
Three months	10⅛-10	10⅛-10¼	9¾-10	9¾-10⅛	10¼	—	9¼	9¼-9 5/16	9 9/16-9⅝	10⅛
Six months	10⅝-10 7/16	10⅝-10¾	10-10⅜	10-10⅜	10½	10 5/16	9 7/16-9½	9⅝-9 11/16	9 7/16-9⅞	10¼
Nine months	10⅝-10⅝	10 11/16-10 11/16	—	10-10⅞	11¼	—	—	—	10⅛-10 3/16	10¾
One year	10⅝-10⅜	10 11/16-10⅞	10¼-10½	10½-10⅞	—	—	—	—	—	—
Two years	—	—	11¼-11⅝	10⅝-10⅞	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Longer term local authority mortgage rates nominally three years 11¾-12 per cent; four years 12-12⅜ per cent; five years 12½-12¾ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 10 per cent; four-month trade bills 10⅝ per cent.

Approximate selling rates for one-month Treasury bills 9-9 1/16 per cent; and two-month 9⅛-9 5/16 per cent; three month 9 5/16 per cent. Approximate selling rate for one-month bank bills 9 5/32-9 5/16 per cent; two-month 9 7/16-9 17/32 per cent; and three-month 9 7/32-9 25/32 per cent. One-month trade bills 9½ per cent; two-month 9¾ per cent; and also three-month 10 per cent.

Finance House Base Rates (published by the Finance Houses Association) 9½ per cent from October 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.3451.

MONEY RATES

NEW YORK

Prime Rate	9.75
Fed Funds	8.7[illegible]
Treasury Bills (13-week)	8.2[illegible]
Treasury Bills (26-week)	8.1[illegible]

GERMANY

Discount Rate	3.0
Overnight	3.55
One month	3.55
Three months	4.05
Six months	4.15

FRANCE

Discount Rate	9.5
Overnight	6.87
One month	7.0
Three months	7.31
Six months	7.75

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.37
Bills Discount Rate	4.62

WORLD STOCK MARKETS

Wall St. mixed after moderate early trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—80% (81%)
Effective $1.9835 37½% (37⅞%)

WITH SOME cautious profit-taking taking place after Monday's sharp technical rise, Wall Street fluctuated narrowly in moderate early activity yesterday before recording mixed movements at mid-session.

The Dow Jones Industrial Average, after showing a loss of 1.73 at noon, was a net 1.13 firmer at 894.32 at 1 pm., but the NYSE All Common Index was 5 cents easier at $58.85. Declines and gains were fairly evenly matched,

Closing prices and market reports were not available for this edition.

while turnover came to 17.46m shares, up from the previous day's holiday-restricted volume of 12.01m at 1 pm.

Analysts said President Carter's Press conference, set for late in the afternoon, was partly dampening enthusiasm. With the Yom Kippur holiday beginning in the evening, many traders would be leaving work early, they added.

A number of Glamour and Blue Chip issues that rose sharply the previous day, gave back some of the gains yesterday morning. Active American Telephone eased ⅛ to $64¼, Du Pont ⅜ to $135¼, Eastman Kodak ⅛ to $64¼, Polaroid ⅛ to $52⅜, Alcoa ⅛ to $50⅞ and Teledyne ⅞ to $103⅞.

Active Mead decline 1½ to $30⅞.

Occidental Petroleum said the Ohio Securities Division has demanded more disclosure and an amendment of its offer for Mead. Occidental put on ⅛ to $19⅝ and was the second most active stock.

Amic lost ⅜ to $23½. Merrill Lynch and Amic have agreed that Amic will be acquired Merrill for $26 a share. Merrill dipped ⅛ to $20⅞.

Abbott Laboratories rose ⅜ to $35½ in response to higher third-quarter profits.

Green Giant picked up ⅝ to $35 and Pilsbury added ⅛ at $43. Pilsbury has begun its offer for 1.8m Green Giant shares at $37.25 each.

Whirlpool shed $1 to $22⅛ on reporting a fall in third-quarter earnings.

Citicorp led the actives list but eased ⅛ to $27⅞.

THE AMERICAN SE Market Value Index, after rising further to 171.80 at 11 am, partially reacted to 171.60 at 1 pm for a net gain of 0.11. Volume was a moderate 2.22m (1.57m).

Golden Nugget rose $2 to $25½. It has purchased land for an Atlantic City casino.

Research-Cottrell put on ½ to $22½ on winning a $60m contract.

American International Pictures lost 1⅛ to $10⅞. It has agreed to merge into Filmways in an exchange of securities and reported a fiscal second-quarter loss. Filmways, on the NYSE, lost ⅞ to $15½.

Canada

Markets reopened after the holiday-lengthened week-end on a strong note in fairly active trading. At mid-day, the Toronto Composite Index was 6.8 higher at 1,322.8, while the Gold index jumped 40.4 to 1,750.9 as London bullion prices reached a record high. Oils and Gas advanced 15.8 to 1,749.9, Metals and Minerals 13.8 to 1,220.1, Utilities 1.12 to 195.20 and Banks 0.64 to 290.28.

Imperial Oil "A" gained ⅜ to C$24. The company said it plans to convert its Montreal refinery to process a higher proportion of more profitable oil products.

Alcan Aluminium added 1½ at $43, Dome Petroleum C$1 at C$93½ and Pacific Petroleum ⅞ at C$46½.

Germany

After the recent corrective phase, shares generally showed renewed strength yesterday in lively trading. The Commerzbank index rebounded 6.4 to 855.5, only slightly below last Tuesday's eight year high of 856.7.

Brokers said buying orders came from both domestic and foreign investors, but they could not pinpoint any clear-cut reason for the sharp rise.

One broker theorised that the market's advance may have been belated response to last week's economic indices, which showed a rise in industrial orders and declines in unemployment and the inflation rate.

Heavy turnover was noted in Siemens, the large Electrical group, but after rising to DM305.00, the shares retreated to DM302.70, down 20 pfennigs on the day.

Among Banks, Deutsche Bank gained DM2.50 and Bayerische Hypobank DM 5.50, while elsewhere, Hoesch moved ahead DM 2.40, Degussa DM 5.20, Metallgesellschaft DM 10.50, Preussag DM 3.00, Kaufhof DM 2.50 and Thyssen DM 2.30.

Deutsche Babcock, which reported satisfactory trading in the first 10 months of the year to end-September, were DM 2.50 higher.

In the Bonds sector, Public Authority issues sustained losses ranging to DM 0.40. The Bundesbank purchased DM 6.2m nominal of stock after selling DM 7.1m on Monday. Mark Foreign Loans also weakened.

Tokyo

The stock market was closed for the Physical Education Day holiday.

Paris

Failing to maintain Monday's upward momentum, stocks turned easier at the opening yesterday, but there was some recovery later which left a rather mixed picture at the close.

Brokers said institutional investors had been major sellers in the early part of the session but had started buying later in the day.

The 3 per cent Paris Chamber of Commerce GDP growth forecast for 1979 compared with an official estimate of 3.7 per cent made little impact on the stock market.

Two issues posted outstanding gains—Europe 1, which put on 14 per cent, and Saunier Duval, which advanced 10 per cent.

Vallaurec, which said results are likely to improve in the second half of 1978, rose 1.40 to FFr108.40.

Also firmer at the end of business were Cie du Nord, Cofradel, Carrefour, Poliet, Pernod Ricard, Perrier, Jeumont-Schneider, CFP and Pierrefitte-Auby.

In contrast, Codetel, Cie du Midi, Saint-Louis, Auxiliaire D'Enterprises, Poclain and Creusot-Loire lost ground.

Switzerland

Overshadowed by fresh currency instability, stocks mainly gave further ground in restricted trading.

Investors are also wondering how long the Swiss National Bank can maintain the degree of intervention on the foreign exchange market evident in the sharp rise in reserves announced on Monday, dealers added.

Leading Banks eased on the Government proposal to increase taxation on banks. Union Bank declined 15 more to SwFr 3,005.

Oerlikon-Buehrle receded 35 to SwFr 2,620 in Financials, while Nestle Bearer, in Foods, were 50 cheaper at SwFr 3,025. Elsewhere, Sandoz retreated 75 to SwFr 3,425.

Domestic and Foreign Bonds, however, were slightly higher in moderately active trading.

Hong Kong

Markets were closed for the Chung Yeung Festival.

Australia

Leading Mining and Industrial stocks mainly weakened in sluggish trading in the absence of Overseas support, with BHP retreating 6 cents to A$8.56.

Uraniums provided a particularly dull sector, with Pancontinental receding 50 cents to A$12.80, Peko-Wallsend 20 cents to A$5.80, Kathleen Investments 10 cents to A$2.55 and Queensland Mines 5 cents to A$3.20.

Elsewhere in Minings, Western Mining shed 2 cents to A$1.72 on disclosures about the size of its nickel stockpile.

Renison Tin lost 10 cents to A$10.60, Consolidated Goldfields 20 cents to A$3.55, CRA 6 cents to A$3.60 and Metals Exploration 5 cents to 38 cents.

Coal Mining issues showed some resistance to the downtrend, but Oakbridge declined 5 cents more to A$1.65.

BNS Wales led Banks lower with a fall of 14 cents to A$7.76. ANZ receded 10 cents to A$3.85 and National 5 cents to A$2.75.

Textiles, Tobaccos and Foods drifted down, but Breweries, Retailers, Engineerings, Electricals and Transports held up fairly well.

Johannesburg

Market was closed yesterday in observance of Kruger Day.

Brussels

Local issues continued to move irregularly in moderate trading.

Non-ferrous Metals were in firmer mood. Hoboken put on 50 to BFr 2,850, Asturienne 22 to BFr 780 and Union Miniere 20 to BFr 848, but in lower Steels, Clabecq shed 60 to BFr 1,580 and Hainaut-Sambre lost 26 to BFr 834. Chemicals also declined, with Gevaert off 16 at BFr 1,436.

Holdings issue Societe Generale receded 25 to BFr 2,045, but Oils and Utilities finished little changed.

Among Internationals, U.S. stock advanced following Monday's overnight gains on Wall Street. IBM were up 130 at BFr 8,920, ITT 18 higher at BFr 1,042 and Union Carbide 38 firmer at BFr 1,340.

German and Dutch sectors also gained ground, while French issues closed generally steady. In higher South African Golds, Vaal Reefs rose 6 to BFr 672.

Milan

Technical settlements pushed prices lower for the second consecutive session as sales prevailed throughout in quiet trading.

Insurance and Real Estate issues were particularly affected.

Late support action by Banks reduced the extent of some losses but did not reverse the general downward trend.

ANIC fell 7 to L75 in Chemicals. Elsewhere, Olivetti Privileged weakened 47 to L1,470, but Pirelli provided a bright spot with a gain of 8 at L2,053.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ɸ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

Stock	Oct. 9	Oct. 6
Johns Manville	31⅛	31½
Johnson Johnson	82⅝	82¼
Johnson Control	28¾	28¾
Joy Manufactur'g	34	34
K. Mar Corp.	26⅞	26⅞
KaiserAlumini'm	40	39½
Kaiser Industries	2½	2⅛
Kaiser Steel	25¾	26½
Kay	14⅛	14
Kennecott	28¼	28¾
Kerr McGee	47½	47⅝

Stock	Oct. 9	Oct. 6
Revlon	54	52½
Reynolds Metals	39½	38⅝
Reynolds R. J.	62⅛	61⅞
Rich'son Merrell	27	26⅞
Rockwell Inter.	36½	36¼
Rohm & Haas	38	36¾
Royal Dutch	64¾	65⅛
RTE	14	13⅝
Russ Togs	11⅞	11⅞
Ryder System	28	27
Waste-Man'ment	28	28
WellsFargo	29⅞	29⅞
Western Bancorp	30	30
Western N. Amer	36½	36
Western Union	19⅜	19⅝
Westingh'se Elec	22⅝	22½
Westvaco	29	28⅞
Weyerhaeuser	30	29⅝
Whirlpool	23¾	23⅞
White Con. Ind.	21	20¾
William Co.	19⅞	19⅞
Wisconsin Elect.	28½	28½

Stock	Oct. 9	Oct. 6
Woolworth	21⅝	21⅝
Wyly	6¼	6⅛
Xerox	56¾	55¼
Zapata	16⅝	16⅛
Zenith Radio	16⅛	16¼
U.S. Treas.4%1980	†94⅝	†94⅝
U.S. Treas4¾%1980	†80¾	†80¾
U.S. 90 Day bills	—	8.16%

CANADA

Stock	Oct. 9	Oct. 6
Toronto Dom. Bk.	20⅝	20½
TransCan Pipe Ln	18¼	18⅛
Trans Mount Opr	9	9
Trizec	16	†15½
Union Gas	11⅞	11¾
Utd. Siscoe Mines	8½	8⅝
Walker Hiram	38	37
West Coast Trans	11⅝	11⅝
Weston Geo.	20	20

† Bid. ‡ Asked. § Traded. || New stock.

GERMANY ◆

Oct. 10	Price Dm.	+ or —	Div. %	Yld. %
AEG	87	+0.6	—	—
Allianz Versich.	520	+2	31.2	3.0
BMW	227.0	−1.0	28.08	6.2
BASF	142.4	+1	18.76	6.6
Bayer	144	+0.8	18.75	6.5
Bayer-Hypo	309.5	+5.5	28.12	4.5

TOKYO ¶

Oct. 9	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	332	−3	14	2.1
Canon	438		12	1.4
Casio	915	+10	25	1.4
Chinon	430		20	2.3
Dai Nippon Print	587	+1	18	1.5
Fuji Photo	557	−8	15	1.4

Indices

NEW YORK—DOW JONES

	Oct. 9	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Oct. 2	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	895.19	880.02	876.47	873.87	867.90	871.58	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.30	89.32	88.31	88.47	88.52	88.75	90.85 (4/1)	86.73 (11/7)	—	—
Transport	248.50	246.88	246.36	245.86	244.40	244.74	251.48 (8/9)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.63	106.29	106.12	106.08	105.86	105.92	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	19,720	27,360	27,820	25,140	22,830	19,580	—	—	—	—

* Basis of Index changed from August 24

	Oct. 6	Sept. 29	Sept. 22	(Year ago approx)
Ind. div. yield %	5.39	5.48	5.50	5.37

STANDARD AND POORS

	Oct. 9	Oct. 6	Oct. 5	Oct. 4	Oct. 3	Oct. 2	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	116.09	114.84	114.57	114.55	113.75	114.22	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	104.59	103.52	103.27	103.06	102.60	102.96	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Oct. 4	Sept. 27	Sept. 20	Year ago (approx.)
Ind div. yield %	4.79	4.86	4.85	4.67
Ind. P/E Ratio	9.59	9.43	9.43	9.18
Long Gov. Bond yield	8.64	8.58	8.47	7.65

N.Y.S.E. ALL COMMON

Oct. 9	Oct. 6	Oct. 5	Oct. 4	1978 High	1978 Low
58.99	58.54	58.19	58.03	60.38 (11/9)	48.37 (6/3)

Rises and Falls

	Oct. 9	Oct. 6	Oct. 5
Issues traded	1,842	1,878	1,896
Rises	1,003	800	871
Falls	435	643	594
Unchanged	404	435	431
New Highs	—	45	45
New Lows	—	10	17

MONTREAL

	Oct. 9	Oct. 6	Oct. 5	Oct. 4	1978 High	1978 Low
Industrial	(c)	219.76	218.32	215.74	219.75 (6/10)	162.90 (16/2)
Combined	(c)	222.98	221.66	219.82	222.98 (6/10)	170.62 (30/1)
TORONTO Composite	(c)	1316.0	1305.5	1295.1	1316.0 (6/10)	998.2 (30/1)
JOHANNESBURG Gold	263.1	264.8	264.6	266.3	272.0 (14/8)	196.0 (20/4)
Industrial	267.6	267.2	267.1	266.0	271.1 (15/9)	194.9 (15/3)

	Oct. 10	Previous	1978 High	1978 Low
Australia(¶)	564.77	566.11	566.79 (22/8)	411.19 (1/3)
Belgium (||)	99.96	100.02	101.16 (8/6)	90.45 (23/5)
Denmark (**)	94.27	94.25	98.95 (14/3)	94.00 (6/2)
France (††)	83.0	82.7	85.0 (4/10)	47.6 (3/3)
Germany (‡‡)	855.50	849.1	856.7 (3/10)	769.4 (17/3)
Holland (§§)	88.0	85.2	93.1 (11/9)	76.0 (4/4)
Hong Kong (¶¶)	(c)	618.68	707.70 (4/9)	383.4 (13/1)
Italy (||||)	77.25	76.22	82.52 (25/9)	55.45 (10/1)
Japan (a)	(c)	434.22	435.76 (6/10)	364.04 (4/10)
Singapore (b)	375.68	377.29	414.50 (8/9)	282.0 (9/1)

	Oct. 10	Previous	1978 High	1978 Low
Spain (d)	97.45	(c)	110.78 (9/5)	87.66 (17/3)
Sweden (e)	375.91	376.29	406.00 (4/8)	325.74 (5/1)
Switzerl'd (f)	267.2	269.2	325.7 (14/2)	261.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300—1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. || Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. |||| Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Litton Inds.	282,900	28	+⅞
AMF	234,700	22⅞	−⅛
Ramada Inns	233,000	13⅞	+1
Amer. Tel. and Tel.	216,900	64⅜	+1
Dow Chemical	191,200	30⅞	+1¼
Occidental Petrolm.	188,700	19½	+⅜
Carrier	174,800	26½	+⅞
Technicare	164,100	13⅞	+⅛
Citicorp	162,700	27⅞	+⅛
Patrick Petrolm.	153,600	12	+1¼

AUSTRALIA

Oct. 10	Aust. $	+ or —
ACMIL (25 cents)	†0.76	+0.01
Acrow Australia	†0.95	
AMATIL $1	†2.15	−0.05
Ampol Exploration	†1.35	
Ampol Petroleum	†0.87	+0.01
Assoc. Minerals	†1.55	−0.05
Assoc. Pulp Paper $1	†1.67	
Assoc. Con. Industries	†1.80	−0.02

OSLO

Oct. 10	Price Kroner	+ or —	Div. %	Yld. %
Bergen Bank	99.5		9	9.1
Borregaard	72.5		—	—
Creditbank	115.5	+0.5	11	8.7
Kosmos	300	−5	20	6.7
Kreditkassen	111.0	−0.5	11	9.9
Norsk Hydrokr$5	223.75	−2.25	12	4.5
Storebrand	99.5	−0.5	7	7.0

BRAZIL

JOHANNESBURG

MINES

INDUSTRIALS

Securities Rand U.S.$0.73¼ (Discount of 36.1%)

SPAIN ♥

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND ◆

COPENHAGEN ♣

VIENNA

MILAN

PARIS

STOCKHOLM

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hill Samuel	§10 %
Allied Irish Banks Ltd.	10 %	C. Hoare & Co.	†10 %
American Express Bk.	10 %	Julian S. Hodge	11 %
Amro Bank	10 %	Hongkong & Shanghai	10 %
A P Bank Ltd.	10 %	Industrial Bk. of Scot.	10 %
Henry Ansbacher	10 %	Keyser Ullmann	10 %
Banco de Bilbao	10 %	Knowsley & Co. Ltd.	12 %
Bank of Credit & Cmce.	10 %	Lloyds Bank	10 %
Bank of Cyprus	10 %	London Mercantile	10 %
Bank of N.S.W.	10 %	Edward Manson & Co.	11½%
Banque Belge Ltd.	10 %	Midland Bank	10 %
Banque du Rhone	10½%	■ Samuel Montague	10 %
Barclays Bank	10 %	■ Morgan Grenfell	10 %
Barnett Christie Ltd.	11 %	National Westminster	10 %
Bremar Holdings Ltd.	11 %	Norwich General Trust	10 %
Brit. Bank of Mid. East	10 %	P. S. Refson & Co.	10 %
■ Brown Shipley	10 %	Rossminster	10 %
Canada Perm't Trust	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½%	E. S. Schwab	11½%
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	10 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
The Cyprus Popular Bk.	10 %	Whiteaway Laidlaw	10½%
Duncan Lawrie	10 %	Williams & Glyn's	10%
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		
■ Hambros Bank	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%. 1-month deposits 7½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7½%, and over £25,000 7¾%.
‡ Call deposits over £1,000 7%.
§ Demand and deposits 7¾%.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS 1057

FARMING AND RAW MATERIALS

Silkin to visit Bonn next week

By Christopher Parkes

MR. JOHN SILKIN, Minister of Agriculture, has been included in the Prime Minister's party which is to visit Bonn on October 18 and 19 at the invitation of Chancellor Schmidt. Also in the party are Mr. Healey, the Chancellor of the Exchequer, and Mr. Edmund Dell, Secretary of State for Trade.

Mr. Silkin's main job will be to back Mr. Callaghan's appeals to the West German leader for more support in the British-led campaign to reduce the European Community's surluses of butter, beef, wine, milk powder and other farm commodities.

The invitation to such a high-level meeting, one of a regular series between the British and German leaders, represents a substantial political leg-up for the Agriculture Minister.

An ardent supporter of Mr. Michael Foot in the party leadership campaigns, and well to the Left of the Prime Minister in his political views, he has never been a favourite of Mr. Callaghan.

But his rumbustious style in Comon Market negotiations has won him the attention if not the affection of the most senior members of the British Cabinet.

The German Government, it is understood, is particularly eager to see Mr. Silkin because it wants to calm the continuing storm over the EEC's fisheries policy—a disturbance which centres on the UK Minister.

Tin and platinum prices rise to new peaks

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES advanced to record levels on the London Metal Exchange yesterday as the squeeze on nearby supplies tightened. Platinum also reached a new peak.

Standard grade cash tin rose by £112.5 to £7,402.5 a tonne, while the three months quotation gained £47.5 to £7,162.5—both above the previous peaks reached last Friday.

The new upsurge was encouraged by the upward trend in other base metals and in precious metals.

There was covering against Continental demand, but nervousness over the planned renewal of hearings in Congress over stockpile releases of surplus tin brought some profit-taking sales.

Lead continued its upward climb, although there was considerable profit-taking at the higher levels. Cash lead closed £3 higher at £433.5 a tonne.

Dealers reported further buying interest from the Soviet Union which took the market to an 18-month high, but the upward trend was halted later by some heavy selling.

Zinc was only marginally higher, but copper prices advanced strongly with cash wirebars closing £11.75 up at £766 a tonne.

The overnight rise in New York gave a firm opening to the copper market in London, and covering against Japanese buying boosted prices further.

In the afternoon the higher trend was encouraged by the U.S. producer, Copper Range, announcing a rise in its domestic price of 2 cents to 71 cents a lb.

Agreement

News that Zambian copper will be exported through South Africa under an agreement reached between the railways of the two countries had virtually no impact on the market. Zambia recently announced its plans to cut supplies to fabricators next year.

Mr. Robert Strauss, U.S. special trade representative, told the American Mining Congress in Las Vegas that the Administration had to consider the impact on the economy and the fight against inflation before President Carter decided on the proposal for a quota on refined copper imports.

President Carter has until October 22 to make a recommendation.

The rise in base metals was fuelled by the sharp increase in precious metals, with gold and platinum prices rising to record levels and silver also advancing strongly.

Platinum broke through the $300 an ounce mark in New York overnight and surged further ahead in London and New York yesterday. In the afternoon free market platinum in London was raised by £7.65 to £157.50 an ounce and the dollar quotation gained $15 to $312.50.

In New York last night in early trading, platinum futures rose the permissible limit of $10 an ounce as strong consumer and speculative demand continued.

The London silver bullion spot quotation was lifted by 9.6p to 302.1p an ounce at the morning fixing. This rise reflected the increase in U.S. markets overnight and the record prices for gold and platinum.

Odds against sugar Bill—Bergland

WASHINGTON, Oct. 10.

MR. BOB BERGLAND, U.S. Agriculture Secretary, said today that sugar legislation had less than a 50-50 chance of completion this Congressional session, reports Reuter.

The Carter Administration considers the House Bill passed last week as unacceptable, he said, but he did not know if President Carter would veto it.

This Bill sets a 15 cent a pound sugar support price. With allowance for automatic price increases based on production costs.

"We stand by 15 cents as the maximum acceptable price support with no escalator provision as the escalator would undermine the international Sugar Agreement, Mr. Bergland said.

The Senate's Bill, with a 17 cents price support, was sure to be vetoed if sent to President Carter, he added.

A representative for Senator Howard Metzenbaum said he was to introduce an amendment to the pending sugar legislation calling for a 15 cents price objective with no escalator clause.

The amendment, which is identical to the Carter Administration position, will be introduced when the sugar legislation reaches the Senate floor for debate and possibly a vote later this week, he added.

● U.S. sugar consumption is estimated at between 32bn and 33bn lb a year for the next five years, according to Mr. Bergland.

Weather hits U.S. cotton production

LUBBOCK, TEXAS, Oct. 10.

A COMMITTEE of the Lubbock Cotton Exchange has reduced its cotton production estimate for the 25 county Texas high plains area by 181,000 bales from a month earlier to 1,631,000 bales, reports Reuter.

Sources on the committee, which is made up of extension specialists, agricultural meteorologists, prominent merchants and shippers, say the reduction is due to cool, wet weather in late September which retarded progress of the irrigated crop and to a fungus infection which turned leaves black in some fields.

The committee estimated the standing acreage at 3,471,000 down from its estimate of 3,601,000 a month earlier. The reduction included drought stricken dryland cotton that farmers have plowed under.

SPANISH CITRUS:

Growers expand—for better or worse

BY A CORRESPONDENT

AS THE export season for Spanish citrus begins, its prospects are being gauged on the basis of the usual factors—and others not so usual. One influence, always lurking in the background, that has come to the fore this year is drought. The south and south-west of Spain have seldom known such a long spell without rain.

Benidorm and other tourist spots are in the limelight, with holiday-makers rioting over dry taps and ships pumping water ashore through hastily-built pipelines. But over wide areas of the country dams have emptied, wells dried up and crops, including citrus, that depend on irrigation are imperilled—not to mention those that depend on rain direct from the sky.

Estimates of the possible scale of citrus losses are still vague, not least because there is little agreement among the authorities as to what the level of production might be if things were normal. Acording to present estimates, the tonnage could be 5 per cent more than last year's or 5 per cent less.

Prospects are also being measured in terms of quality. Spain has become increasingly self-critical about lapses in quality standards and infringements of regulations. At a recent meeting between various sections of the industry it was resolved that tougher penalties should be applied this season for lowering quality by picking and exporting fruit before the dates set.

The incentive for doing this is to cream off the premium for the earliest deliveries. But if the fruit is too immature not only is the advantage wiped out but the stigma acquired by the inferior fruit tends to taint other and later varieties as well.

A factor receiving more attention this year is the virus disease known as *tristeza* (sadness), which was long ago declared a national emergency.

Low-interest loans, exemption from social-security payments and other concessions were offered to enable growers to bridge the 10-year drop in production entailed by a progressive changeover to resistant plantings. Nurseries were set up and registered as sources of stock free from tristeza, and publicity was aimed at encouraging producers to use these short-term aids to avert long-term disaster.

Rumours

Replanting, however, is proceeding much more slowly than hoped, partly, it is said, because nurseries are exporting resistant stocks meant for Spain. Meanwhile, the disease, which affects, among others, about 8,000 smallholders and 10 per cent of the country's citrus trees, costs the industry an estimated £17m a year because of inroads on both quantity and quality.

A factor that has not before entered into the seasonal calculations is fears that a nuclear power station being built in the Valencia region could have the same sort of effect on sales abroad of Spanish fruit as did last year's mercury scare on Israeli.

Rumours circulated that Israeli oranges might not be the only ones to have been poisoned—rumours that ceased only when it was officially shown beyond question that there was no reason for Spanish fruit to come under suspicion.

Regarding radioactivity, however, reality has replaced rumour to the extent that there is actually a nuclear plant being built at the Valencian centre of Confrentes. Apprehension is growing over not so much the possibility that the region's irrigation water could be contaminated by nuclear waste but that the industry's foreign customers might think it will be, and shop elsewhere.

It is now being revealed that in 1971 a nuclear accident led to contamination of the Tagus, Spain's longest river. At the time, the Spanish Press was silenced on the incident, but today Spain is "open" and silence could not be imposed on the media of consuming countries.

Meanwhile Spain's progress towards entering the EEC is already influencing industry expectations about possible aid and what might come by way of interim concessions from the Community.

The mounting hostility of French farming to Spain's membership is, of course, viewed with dismay, however, citrus producers are showing in the most tangible way their confidence in a future within the Community by planting new ground.

All readily useable agricultural land in Spain was long ago brought under production. Producers are now harnessing land once regarded as barren and useless. Already producers are watching green young trees growing up to swell Spain's citrus crop—at present about 3m tonnes—for better or for worse.

Brazil raises coffee estimate

BY RICHARD MOONEY

BRAZIL HAS raised its estimate of the 1978-79 coffee crop by 300,000 bags (60 kilos each) to 19.2m bags.

Following its third official crop survey made towards the end of the harvest in August the Brazilian Coffee Institute (IBC) has lifted the Sao Paulo and Espirito Santo estimates by 500,000 and 200,000 bags respectively while cutting the Parana and Minas Gerais figures by 200,000 bags each.

The IBC's final figure for the 1977-78 season was 16.1m bags and the first 1978-79 estimate was 20.7m.

The main reason for the reduced level of this year's second estimate was a persistent drought which reduced the average size of the beans. Despite continuing dry weather the institute now estimates Sao Paulo yields 10 per cent higher than at the time of the second survey.

The latest Brazilian crop figure prompted little response on the London coffee futures market where the January position ended £22.5 lower on the day at £1,536 a tonne.

Dealers were not surprised that the crop forecast had been disregarded but they thought Monday's news of a rise in the Brazilian coffee export tax (contribution quota) might have been expected to have more impact.

The tax was raised by $5 to $80 a bag which should have a proportionate effect on exporting costs. Dealers thought the absence of a noticeable price reaction might reflect the market's obsession with consumer offtake. They though an upturn in the market was unlikely until consumption began to show some positive signs of recovery.

Some observers saw the higher tax rate as an attempt to cause a short-term fall-off in exports, thereby tightening the market and forcing prices up. But trade sources in Rio de Janeiro thought the institute was mainly interested in defending its minimum export price.

Gundelach to seek Thai manioc curb

BRUSSELS, Oct.

MR. FINN OLAV GUNDELACH, EEC Farm Commissioner, is likely to visit Thailand during the first week of December for talks on cutting back Thai manioc exports to the EEC, Commission officials said here today.

They said no formal reply has been given yet to the invitation from Thailand but the visit is fairly certain to take place.

Mr. Gundelach recently rejected the idea of the EEC imposing import taxes on cereals substitutes, but he added there would be no problem in persuading Far Eastern countries to exercise voluntary restraint to cut back their exports to the EEC.

He said then that Thailand should cut back its manioc exports this year to 1977 levels which correspond with Common Market needs. However, Thai Commerce Ministry sources have said their exports will rise this year although attempts will then be made to hold them at 1978 levels.

Reuter

Cocoa output rise forecast

BY OUR COMMODITIES EDITOR

BRAZIL AND the Ivory Coast are expected to move above Ghana in the cocoa production "league table" in 1979-80, with Brazil becoming the biggest individual producer by 1983-84, according to a survey of the world cocoa economy, released by the International Cocoa Organisation yesterday.

The survey, prepared for the preparatory committee which is drafting a proposed third International Cocoa Agreement, forecasts that production in Ghana will decline from 302,000 tonnes in the 1978-79 season to 262,000 tonnes by 1984-85.

Brazilian output during the same period is expected to rise from 253,000 to 449,000 tonnes and Ivory Coast from 279,000 to 406,000 tonnes.

Total world production is predicted to rise from 1,461,000 tonnes in 1978-79 to 1,872,000 tonnes in 1984-85 with Nigerian production showing only a small rise from 190,000 to 235,000 tonnes.

The survey forecasts that cocoa prices, calculated in terms of current prices, will rise to 175 U.S. cents a pound in 1980 and then fall to 112 cents in 1985.

In constant price terms, the price of cocoa is predicted to fall from 159 cents in 1979 to 74 cents by 1985.

Consumers demand milk price freeze

BY OUR COMMODITIES STAFF

CONSUMER representatives have demanded that the Government should reject appeals from farmers, the Milk Marketing Boards, and the dairies for a ½p a pint rise in the retail price of milk.

A delegation from the National Consumer Council saw Mr. Roy Hattersley, Prices Secretary, yesterday, and asked for the price to be held down at 12½p a pint.

Mr. Michael Shanks, chairman of the Council, said: "We told him in no uncertain terms that housewives would be incensed by any attempt to put up milk prices yet again. The price is already too high."

Mr. Hattersley also saw Mr. John Owens, director-general of the Dairy Trade Federation, who argued that ½p on a pint would cover his industry's cost increases for a full 12 months.

Mr. Owens said recently that a price increase was inevitable, and he would prefer ½p now rather than 1p early next year.

Farmers say they need some extra income from their milk to cover the cost of feeding their cattle during the winter when the grass stops growing.

However, they have had a good year so far. Milk yields have increased, grass has been plentiful, and grain-based feeds should not be over-expensive this winter in view of another record cereal harvest.

The Milk Marketing Boards have also recently won an increase in the price paid for milk by cheese factories. This should provide some extra money for distribution among farmers, although the Boards refuse to say how much of an increase is imposed.

The Minister of Agriculture has also heard the appeals of the farming and dairy industries.

The Government's main concern is not to take any action which might imperil its inflation policy.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gained ground on the London Metal Exchange. Forward metal opened higher at £778.5 and moved ahead strongly on the pre-market to touch £783 reflecting the overnight trend on Comex coupled with fresh speculative buying. This buying continued in the rings with forward metal reaching the day's high of £786.5 on the morning kerb. In the afternoon values traded within narrow limits with forward metal finally £785 on the late kerb. Turnover, 25,025 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	765-.5	+11	765.5-6.5	+11.7
3 months	785-.5	+11	786-.5	+12.5
Settlem't	765.5	+11	—	......
Cathodes				
Cash	753-.5	+11.7	754-5	+12.2
3 months	773.5-4	+11.5	775-.5	+13
Settlem't	753.5	+11.5	—	......
U.S. Smt.	625	......	63-66	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £765, three months £784, 84.5, 84, 84.5, 85, 85.5, 85. Cathodes, cash £763, 54, 53.5, three months £774, 74.5, 74. Kerb: Wirebars, three months £785, 85.5, 86. Afternoon: Wirebars, three months £785, 85.5, 86. Cathodes, three months £774.5, 75. Kerb: Wirebars, three months £786.5, 86, 85.5, 85.

TIN—Record levels were attained by both cash and forward standard material. Forward standard metal opened fractionally easier at £7,110 owing to the fall in the Penang price. However, the further gains in other metals prompted fresh buying of tin with forward metal moving up to a high of £7,170 prior to easing a shade to £7,145 on the late kerb. Turnover, 2,015 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	7375-95	+67.5	7400-20	+117.
3 months	7145 75	+82.5	7170-200	+50
Settlem't	7395	+75	—	......
Standard				
Cash	7370-80	+82.5	7395-410	+112.
3 months	7135-40	+27.5	7160-5	+47.5
Settlem't	7380	+65	—	......
Straits E.	$1694	+4	—	......
New York	—	......	—	......

Morning: Standard, cash £7,380, 85, 90, 95, 80, three months £7,140, 45, 50, 45, 50, 45, 40. Kerb: Standard, three months £7,150, 55. Afternoon: Standard, cash £7,390, three months £7,150, 55, 50, 60, 70, 60, 65. Kerb: Standard, three months £7,170, 60, 50, 40, 45, 40, 50, 55, 50, 45, 40.

LEAD—Higher again with fresh buying, chartist buying and short covering pushing forward metal up to £422.5 on the pre-market. Heavy profit-taking in the morning rings caused the price to fall back to £413 but renewed buying in the afternoon saw forward metal finally £417 on the late kerb.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	433.5-4	+7	433-4	+5
3 months	415-6	+5	418-.5	+3.75
Settlement	434	+7	—	......
U.S. Spot	[illegible]	......	[illegible]	......

Morning: Cash £440, 36, 33, 32, 32.5, 34, three months £422, 21, 20.5, 19, 19.5, 19, 18, 16, 15, 14, 13, 13.5, 14, 15, 16. Kerb: Cash £433, 34, 34.5, three months £415, [illegible]

ZINC—A shade firmer in mainly reflecting the continuing buoyancy of other metals. Forward metal moved up quickly on the pre-market [illegible]

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
Cash	374-5	[illegible]	373-5	[illegible]
3 months	380-1	[illegible]	381.5-2	[illegible]
Settlem't	375	[illegible]	—	......
Prim. west	—	......	29.31	......

[illegible]

Aluminium	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	[illegible]		[illegible]	
3 months	589.5-90	[illegible]	592-.5	[illegible]

* Cents per pound. [illegible]

I.G. Index Limited 01-351 3466. Three months Silver 307.7-310.2
29 Lamont Road, London SW10 0HS

1. Tax-free trading on commodity futures.
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SILVER

Silver was fixed sharply higher in the London bullion market yesterday at 302.1p, [illegible]

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	302.1p	+9.6	[illegible]	[illegible]
3 months	309.7p	+9.7	[illegible]	[illegible]
6 months	317.8p	[illegible]		
12 months	334.5p	[illegible]		

LME—Turnover 201 (80) lots of 10,000 ozs. [illegible]

COCOA

Overbuying producer selling kept prices on the defensive through the day, reports Gill and Duffus.

[illegible]

COFFEE

ROBUSTAS traded in a narrow range throughout the morning and it was only in the afternoon that an unimpressive New York "C" Contract prompted liquidation in London. [illegible]

GRAINS

[illegible]

RUBBER

[illegible]

MEAT/VEGETABLES

[illegible]

WOOL FUTURES

[illegible]

SYDNEY GREASY (in order buyer, seller, business, sales): Micron Contract: Oct. 339.1-340.0, 339.5-339.0, 4; Dec. 349.0-349.9, 349.0-348.5, 7; March 356.3-356.5, 356.5-356.3, 5; May 362.5-363.0, 362.5-362.5, 2; July 36?.0-368.5, 368.1-368.1, 2; Oct. 370.0-370.5, 370.0-370.0, 3; Dec. 374.0-375.0, 374.5-374.5, 2; March 375.5-378.0, nil, nil. Total sales: 25.

NEW ZEALAND CROSSBREDS in order buyer, seller (all untraded)—Dec. 187.5-190.0, March 187.5-190.0, May 191.0-193.0, July 191.0-193.0, Oct. 192.0-194.0, Dec. 192.0-194.5, March 191.0-195.0. No sales.

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

India to build up copper buffer stock

By K. K. Sharma

NEW DELHI, Oct. 10.

THE METALS and minerals Corporation of India has decided to build up a buffer stock of at least 5,000 tonnes of copper through imports. This is the minimum considered necessary to prevent the rise in prices of copper in the country and represents about four months' needs.

Prices have risen mainly because speculators have hoarded available supplies owing to a shortage arising out of inadequate indigenous production and imports.

Burma to raise sugar output

RANGOON, Oct. 10.

WITH THE help of a $31.5m 40-year "soft" loan recently obtained from the Asian Development Bank and $6.5m aid from the OPEC special fund, Burma will shortly begin an integrated project to develop its nationalised sugar industry.

The project will involve building irrigation and drainage canals and roads, agricultural development to raise sugar output, setting up of a new sugar mill, and rehabilitation of the existing mill (built by Hitachi of Japan in 1958)—all to be carried out in Pyinmana area.

After completion early in 1985, the project is expected to raise production of white sugar from the area to 51,000 tons annually from the present 18,000 tons, and brown sugar by more than double to 21,000 tons. In addition, it will help increase rice output of the area by 10,000 tons.

Including the Pyinmana mill, Burma has four state-owned sugar mills—all old and worn out—with a combined annual production of around 30,000 tons, which is barely one-third of the country's estimated requirement of 100,000 tons.

PRICE CHANGES

Price in tonnes unless otherwise stated.

[illegible]

INDICES

FINANCIAL TIMES

[illegible]

REUTERS

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

NEW YORK, Oct.

PLATINUM future soared ahead of $300 an ounce when Commission houses entered the market to finally break through the psychological barrier. Gold was very firm and silver gained 10 cents an ounce. Copper followed precious metals higher. Soyabeans, and maize all staged [illegible] advances.

Copper—Oct. 67.80 (67.05), Nov. (67.55), Dec. 68.90, Jan. 69.45, March [illegible] May 71.55, July 72.50, Sept. 73.40 [illegible] 74.60, Jan. 75.00, March 75.80, May [illegible] July 77.40 settlements. Sales: 3,0[illegible]

Cotton—No. 2: Oct. 64.80 (64.[illegible]) 67.10-67.12 (67.06), March 69.50-69.[illegible] 70.52-70.60, July 70.50, Oct. 67.00-67.[illegible]

This edition went to press before yesterday's prices were available.
New York's coffee, cocoa and sugar markets were closed to mark Colombus Day, while all Canadian grain markets were also closed.

[illegible]

Lower French sugar crop forecast

PARIS, Oct.

FRENCH SUGAR output this year should reach 3.5m tonnes, down from the record 3.9[illegible] in 1977, according to the Planters Association, reports Reuter.

The beet yield is estimated at 11 tonnes per hectare, changed from last year.

The condition of the beet is not as good as last year despite favourable weather in August and September with some [illegible] small and vegetation yellow, the Association added.

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod [illegible]

CONTRACTS AND TENDERS

PUBLIC NOTICES

METROPOLITAN BOROUGH OF SANDWELL

£1½m. Bills offered 11 October 1978 due 10 January 1979 at 9[illegible]. Total applications £12m. Bills outstanding £5½m.

CITY OF MANCHESTER BILLS

amounting to £12.45m were issued on 11th October 1978 for maturity on 10th January 1979. The total amount applied for was £53.8m. The maximum rate accepted was 9[illegible]% per annum at which 80.32% were allotted. The total amount of bills outstanding is £12.45m.

COUNTY OF CLEVELAND

£13.9m bills issued 11.10.78 at an average rate of 9.43075% to mature 10.1.79. Total applications were £70.5m and these are the only outstanding bills.

STOCK EXCHANGE REPORT

Markets undecided awaiting development on pay talks

Leading equities surrender early gains—Gilts static

Account Dealing Dates
Option

First Dealings	Declarations	Last Dealings	Account Day
. 2	Oct. 12	Oct. 13	Oct. 24
. 16	Oct. 26	Oct. 27	Nov. 7
. 30	Nov. 9	Nov. 10	Nov. 21

" New time " dealings may take place 9.30 a.m. two business days earlier.

tock markets began in ouraging fashion yesterday, ecting relief that the prospect strike at BOC had diminished optimism that the dispute at 3 may soon be resolved. Mon- s upturn in leading industrials extended at the opening, ough trade remained thin, and bulk of secondary issues also ed forward.

ist before midday, however, rest began to falter and mixed ings developed about the in- onary and other implications vage settlements above the 5 cent limit. Subsequently, the ket appeared resigned to await elopments not only at BOC and d but also in the Government- in talks on pay which started erday afternoon.

ne FT 30-share index, as a ult, finally shed 0.9 to 509.3 r having been 2.9 up at the .m. calculation. The rises-to- ratio in all FT-quoted indus- s widened to 7-to2, compared the previous day's 7-to4.

itish Funds tried in vain to rove but were finally dis- raged by the latest Central ernment borrowing require- t, which offset any slight dit resulting from the Septem- banking statistics. The longer urities again closed unchanged e marginal gains among the ls were given up after the ial close of business.

mbia's reopening of its rail e links through Rhodesia vated fresh small support for thern Rhodesian bonds but a lull in demand saw quota- s react and the 2½ per cent -70 slipped back from £57½ nd a net two points lower 54.

om an opening level of 81¼ cent, the investment currency nium traded around that level ng the course of a sizeable way institutional business re reacting late to close a net down at 80 per cent following late upward move in sterling. erday's SE conversion factor 0.7224 (0.7247).

te volume of business in led Options increased con- rably, the number of contracts jumping to 984 compared the previous day's 352. GEC particularly active with 192 racts done; its January 330 s added 6 to 35p. Cons. Gold- s, 157 deals made, were ed in front of today's pre- nary figures.

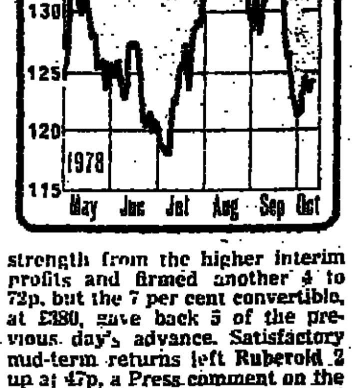
nks quietly firm

ietly firm conditions prevailed he major clearing banks. ds improved 6 more to 258p Barclays added 5 at 340p. of Ireland gained 9 to 432p thin market. Merchant banks were inclined harder in places and Guinness Peat and Wintrust rose 5 to 240p and 73p respectively. Dealings in FNFC quietened considerably after the recent speculative activity, the ordinary closed ½ cheaper at 6½p but the 9½ per cent Unsecured Loan 1992-97 gained a fraction more to £38, still on hopes of a resumption of interest payments.

Narrow irregular price movements were the order of the day in Insurances after a smal tralde. Alexander Howden edged forward a penny to 149p following Press comment and Hambro Life, still drawing strength from recent favourable interim figures, gained 2 more to 405p.

Allied Breweries were actively traded up to 86½p before closing a net 2 better on balance at 86p following Press comment. J. Lyons rose 5 to 157p in sympathy.

News items injected a little life into a selectively traded Building sector. Hewden - Stuart drew



strength from the higher interim profits and firmed another 4 to 72p, but the 7 per cent convertible, at £380, gave back 5 of the previous day's advance. Satisfactory mid-term returns left Ruberoid 2 up at 47p, a Press comment on the lower interim profits unsettled Marchwiel which lost 8 at 126p, while the first half loss left McNeill a penny lower at 42p. Ahead of Thursday's interim statement, Feb International ordinary and A added 2 apiece to 27p and 26p respectively. Renewed interest lifted G. H. Downing 8 to 145p, while a revival of bid rumours helped Modern Engineers of Bristol gain 3 to 46p, after 48p. Leyland Paint added a couple of pence at 93p following Press comment.

Still drawing strength from the excellent interim profits, Wolstenholme Bronze gained 10 more to 280p. Croda International found support at 63½p, up 2; it was announced yesterday that the company had acquired Richardson Ink of Chicago for $6.15m.

Compared with the excellent interim figures produced by fellow mail-order concern Freemans the previous day, first-half profits from Grattan Warehouses some £1½m below market estimates were especially disappointing and the shares fell 20 to 111p. Freemans at 393p, gave up 10 of Monday's rise of 25 in sympathy, while Empire, mid-term results expected today, declined 5 to 172p. Elsewhere in Stores, Midland Educational jumped 45 to 225p in response to the counter-bid from Lonsdale Universal, 4 off at 87p. Ahead of interim statements tomorrow, Foster Bros. gained 3 to 185p and Lee Cooper firmed 5 to 150p. The leaders lacked support and drifted lower.

Substantially increased first-half profits lifted Farnell Electronics 10 to 430p, while Bowthorpe reflected satisfaction with the interim report with a rise of 2 to 65p. Higher earnings left Highland Electronics a penny harder at 49p. Among the leaders, GEC closed 2 better at a 1978 peak of 339p.

Engineering leaders tended a shade firmer initially, but lack of follow-through support saw prices eventually drift lower and final quotations were a few pence down on balance. John Brown hardened afresh to 476p before settling at 472p for a fall of 2 on the day. GKN closed 4 cheaper at 271p and Vickers 3 down at 193p. Occasional buying interest, however, was evident in secondary issues. Revived demand in a thin market lifted ML Holdings 10 to 220p, while Danks Gowerton responded to the proposed one-for-one scrip issue with a rise of 4 to 116p. Porter Chadburn, 115p, and Startrite, 147p, firmed 3 apiece and gains of 4 were marked against Jones Shipman, 164p, and Ash and Lacy, 141p. R. Cartwright hardened a penny to 75p on the increased interim profits. Weir Group were firm at 121p, up 3, along with G. M. Firth, 2 higher at 38p. Davy Corporation, unaltered at 152p, were unaffected by news that the anti-trust division of the U.S. Justice Department is investigating the company's bid for McKee Corporation. Disappointment with the interim results prompted a reaction of 7 to 149p in Amalgamated Power.

Cartiers, which recently announced a sizeable extention of its activities, hardened 8 to 93p for a two-day improvement of 9. A speculative flurry left Morgan Edwards 6 higher at 72p; the price in Tuesday's issue was incorrect. Associated Biscuit put on 3 to 82p on the better-than-expected interim figures. Similar gains were seen in Alpine Soft Drinks, 160p, and British Sugar, 150p.

Ladbroke, at 192p, gave up 6 of the recent good advance.

Reed Int. up

Comment on the disappointing preliminary figures served to depress Glaxo further and the shares fell 17 to 538p, for a two-day relapse of 30. Reed International, however, touched 175p before closing a net 5 up at 172p on hopes of early news on the Canadian Reed Paper sale. Hopes of an early settlement to the company's labour dispute, BOC International edged forward a fraction to 71p. An investment recommendation attracted renewed investment demand in ICL which rose 17 afresh to 487p, while Sotheby Parke Bernet added 8 more to 323p on the company's U.S. expansion prospects. London and Northern came in for good support at 38½p, up 4½p, after 39p; the interim results are due on November 8. BTR rose 9 to 351p and further buying on consideration of the group's growth potential helped lift Ricardo 7 more to 335p. Gains of around 7 were seen in Manchester Ship Canal, 284p, Redfearn National Glass, 310p, and Whatman Reeve Angel, 282p, while Vinten improved 5 to 150p. Waterford Glass hardened a penny to 58p following the higher interim profits and Halma Investments gained 2 to 49p in response to the chairman's encouraging statement. Reflecting the profits recovery in the first-half McCleery L'Amie put on 3 to 19p.

Barr and Wallace Arnold "A" became a late feature, rising 18 to 175p on the higher interim profits and proposed scrip issues.

The record car sales in the first nine months of the year and news that Volkswagen-Audi is to spend £17m on British car components helped underlying sentiment in the Motor sectors. Among Garages and Distributors, T. C. Harrison featured with a rise of 6 to 118p on the good interim results. H. and J. Quick continued firmly at 43½p, up 2. Tate of Leeds, a good market late, came back 2 to 74p following the interim statement. Components to harden a shade included Lucas, 315p, and Automotive Products, 77p.

East Midland Allied Press "A" stood out with a rise of 6 to 70p on renewed investment demand. In Paper/Printings, Ault and Wiborg closed 2½ up at 44½p, after 46p and, awaiting today's interim statement, Collett Dickenson hardened a penny to 87p.

Oils quietly firm

Leading Properties remained subdued and little changed, but secondary issues attracted selective interest. Second City firmed 3½ to 45½p on the news that Control Securities, unchanged at 37p, had purchased about 5 per cent of the equity. Higher annual income prompted a gain of a penny to 107p in Estates Property Investment and, for a similar reason, Scottish Metropolitan added a like amount at 108p. R. Green finished 2 up at 44p on further consideration of the satisfactory annual results. Buyers supported Property Security Investment, 116p, and Trafford Park Estates, 134p, which put on 4 and 5 respectively.

Oil shares traded firmly despite the continuing low volume of business. Helped by overnight firmness on Wall Street, British Petroleum pushed ahead to 916p before settling at 914p for a gain of 12 on balance. Shell advanced 7 to 582p, but currency and dollar premium influences left Royal Dutch a shade lower at £44⅞. Outside the leaders, Siebens (UK) firmed 6 to 334p and Lasmo 4 to 150p, but Ultramar closed without alteration at 236p, after having been up to 240p.

Carpet shares encountered occasional support. Shaw and Carpets International, both at 69½p, firmed around 3, while Stoddard "A" improved 2 to 32p and Youghal were similarly dearer at 40p.

Golds improve

Among Rubbers, Plantation Holdings edged forward 2 to 66p awaiting further developments in the bid situation. Anglo-Indonesian, still reflecting Press comment, improved similarly to 104p for a two-day gain of 7.

The $3.75 rise in the bullion price to an all-time high of $225.625 per ounce helped South African Golds recoup some of the previous day's losses but activity remained at minimal levels reflecting the closure of the Cape.

The Gold Mines index recovered 1.7 to 168.8. Most of the buying of Golds was centred around the high-quality issues and emanated from the U.S.

Among the heavyweights, West Driefontein were outstanding and rose ½ to £23⅞, while gains of ¼ were common to Hartebeest, £13, Vaal Reefs, £14⅜, Free State Geduld, £19⅛ and Western Holdings, £20⅛.

South African Financials staged a good recovery following American buying. De Beers rallied 16 to 419p and Anglo American Corporation 15 to 371p.

London - registered Financials continued to benefit from the upsurge in base-metal prices on the London Metal Exchange. Rio Tinto-Zinc added 2 more to 256p. Gold Fields rose 4 to 192p reflecting the good results from Amey Roadstone; Gold Field's own results are due today while the group's quarterly gold mining reports will be published tomorrow.

The strength of bullion helped push the free market platinum price up to record levels and prompted a good London demand for platinum shares. Rises of 3 were common to Bishopsgate, 107p, Lydenburg, 80p, and Rustenburg, at a 1978 high of 110p.

The proposed opening of the Zambia/Rhodesia rail route continued to push RCM higher with the shares 3 to the good at 75p. Other copper shares to move ahead included Minorco, 5 up at 185p and Messina 2 better at 74p.

On the other hand, Australians again suffered from lack of interest and the weakness of overnight Sydney and Melbourne markets. Conzinc Riotinto fell 4 to 296p and North West Mining were 2 off at 32p. The coal producing Oakbridge slipped 4 to 137p.

FINANCIAL TIMES STOCK INDICES

	Oct. 10	Oct. 9	Oct. 6	Oct. 5	Oct. 4	Oct. 3	A year ago
Government Secs.	69.87	69.87	69.89	69.95	69.97	69.85	77.52
Fixed Interest	71.87	71.85	71.85	71.82	71.61	71.59	79.25
Industrial	509.3	510.2	503.0	504.8	511.1	505.2	511.8
Gold Mines	168.8	167.1	172.5	175.9	174.1	166.2	154.1
Ord. Div. Yield	5.29	5.28	5.34	5.31	5.24	5.31	5.26
Earnings Yld.% (full)*	14.69	14.66	14.30	14.98	14.79	14.98	15.45
P/E Ratio (net) (*)	9.01	9.03	8.94	8.85	8.96	8.85	9.14
Dealings marked	4,835	4,594	4,172	4,795	5,058	4,629	5,672
Equity turnover £m	—	59.36	71.61	69.85	87.36	62.74	77.36
Equity bargains total	—	13,667	12,168	15,365	18,202	15,499	16,520

10 am 512.6. 11 am 511.1. Noon 511.1. 1 pm 510.5. 2 pm 510.4. 3 pm 510.1.

Latest Index 01-246 8026.

*Based on 52 per cent corporation tax. †Nil=8.77.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 [illegible]	68.79 [illegible]	127.4 [illegible]	49.18 [illegible]
Fixed Int.	81.27 [illegible]	70.73 [illegible]	150.4 (28/11/47)	50.53 [illegible]
Ind. Ord.	535.5 [illegible]	433.4 [illegible]	549.2 [illegible]	49.4 [illegible]
Gold Mines	206.6 [illegible]	130.3 [illegible]	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 10	Oct. 9
— Daily		
Gilt-Edged	167.1	165.4
Industries	161.1	152.0
Speculative	40.6	42.2
Totals	110.1	104.6
5-day Average		
Gilt-Edged	155.5	162.9
Industries	160.6	161.2
Speculative	39.6	37.9
Totals	106.7	105.7

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Glaxo	50p	13	588	−17	648	515
Shell Transport	25p	12	582	+ 7	602	484
BP	£1	11	914	+12	926	720
ICI	£1	11	400	+ 1	421	328
BATs Defd.	25p	10	267	+ 2	304	227
GEC	25p	9	339	+ 2	339	233
Barclays Bank	£1	8	340	+ 5	368	296
Burmah Oil	£1	8	77	+ 1	89	42
De Beers Defd.	R0.05	8	419	+16	488	285
Allied Breweries	25p	7	86	+ 2	94	78
Farnell Electr'cs	20p	7	430	+10	430	186
ICL	£1	7	487	+17	487	206
Dunlop	50p	6	73	− 2	90	71
GKN	£1	6	271	− 4	298	248
Marks & Spencer	25p	6	83	− 1	94	67½

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (82)

BANKS (2)
1st Nat. Wrrts '75-83 Wintrust

BUILDINGS (6)
Brown & Jackson Lafarge S.A.
Burnett & Hallamshire Modern Engineers
Hewden-Stuart Ruberoid

CHEMICALS (1)
Wolstenholme bronze

STORES (7)
Allied Retailers Midland Educational
Casket (S.) Owen Owen
Foster Bros. Status Discount
Home Charm

ELECTRICALS (7)
Dubilier Jones Stroud
Electrocomponents Perkin-Elmer 4pc
Fidelity Radio Westinghouse
GEC

ENGINEERING (10)
Boulton (Wm.) Redman Heenan
Brasway Richards (Leicester)
British Aluminium Startrite
Cartwright (R.) Victor Prods.
Norton (W. E.) Williams & James

FOODS (7)
British Sugar Panto (P.)
Cartiers Tesco
Lyons (J.) Unigate
Morgan Edwards

INDUSTRIALS (14)
BTR McCleery L'Amie
Christies Intl. Relyon PBWS
Copydex Postmor
Halma Ricardo
ICL Sandhurst Marketing
Inter-City Sharna Ware
London & Northern Sotheby P.B.

LEISURE (3)
Assoc. Leisure Norton & Wright
Barr & W.A.T. A

MOTORS (1)
Hanger Invs.

NEWSPAPERS (1)
Daily Mail A

PAPER (1)
Ault & Wiborg

PROPERTY (8)
Allied London Prop. Securities
Country & New Town Regalian
County & District Second City
Fairview Ests. Stock Conv.

SHIPPING (1)
Brit. & Commonwealth

SHOES (1)
Stylo

TEXTILES (6)
Brit. Mohair Reliance Knitwear
Lyles (S.) Shaw Carpets
Notts. Manfg. Yorks. Fine Woollens

TRUSTS (3)
Camellia Invs. Kwahu
Govett Euro.

RUBBERS (1)
Anglo-Indonesian

MINES (2)
Lydenburg Rustenburg

NEW LOWS (6)

BRITISH FUNDS (3)
Treas. 11½pc 1979 Treas. Variable 1982
Exchequer 12¾pc 1981

BANKS (1)
Hill Samuel Wrrts.

BUILDINGS (1)
Aberdeen Const.

OILS (1)
Aran Energy

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Apr. Closing offer	Apr. Vol.	Equity close
BP	900	25	7	69	20	94	—	915p
BP	950	4½	—	42	34	64	25	
Com. Union	160	2½	—	6	15	8½	—	142p
Cons Gold	160	34	6	38	25	41	—	191p
Cons Gold	180	15	21	22	14	30	7	..
Cons Gold	200	2½	31	10½	40	18	15	
Courtaulds	100	24	—	25	1		—	124p
Courtaulds	120	5	1	13	—	15½	—	..
Courtaulds	130	1	20	5½	23	9	—	
GEC	260	80	3	92		99	1	338p
GEC	300	40	27	57	24	66	—	..
GEC	330	13	48	36	47	42		..
GEC	360	2	32	19		28	10	..
Grand Met	100	14	—	22	—	24½	10	112p
Grand Met	120	1	35	6	6	9	18	..
ICI	330	74	—	84	3	87	—	400p
ICI	360	44	—	57	10	60	—	..
ICI	390	13	17	34	—	41	—	..
ICI	420	1	59	16½	9	23	—	..
Land Secs.	240	4½	8	17½	—	23½	—	236p
Land Secs.	260	1½	—	6½	15	15½	—	..
Marks & Sp.	70	15	15	18	—	23	—	84p
Marks & Sp.	80	6½	—	12	9	15	15	..
Marks & Sp.	90	2	—	6	22	9½	2	..
Shell	550	35	9	56	4	68	3	582p
Shell	600	4½	10	29	35	38		..
Totals			349		356		104	

Option	Ex'rcise price	Nov. Closing offer	Nov. Vol.	Feb. Closing offer	Feb. Vol.	May Closing offer	May Vol.	Equity close
BOC Intl.	70	4½	—	7½	3	10	—	71p
BOC Intl.	80	1½	—	3½	45	4½	32	..
Boots	200	13	—	21	1	30	—	207p
Boots	220	4½	15	10	—	18	—	..
Boots	240	1¾	—	6½	7	11	—	..
EMI	140	27	1	27	5	36	—	162p
EMI	160	12	5	17	2	24	—	..
EMI	180	4	—	9	21	16	—	..
Imperial Gp.	90	2	—	4½	—	4½	10	83p
RTZ	240	23	—	36	10	45	—	256p
RTZ	260	9½	3	25	10	31	—	..
RTZ	280	4	—	15	—	20	5	..
Totals			24		104		47	

APPOINTMENTS

Barclays International posts

. John Probert has been inted divisional general ger of BARCLAYS BANK RNATIONAL with responsi- for the bank's Middle East North Africa operations. He previously assistant general ager of BBI's Africa line. Colin Mellors, at present aging director, Barclays Bank ambia, succeeds Mr. Probert ad office as assistant general ger, BBI, Africa, from ary 1, 1979. Mr. Mark Tress replace Mr. Mellors as man- g director, Barclays Bank of bia. Mr. Tress is manager of lays Bank International, terdam and a manager of lays Kol and Co NV, terdam.

★

. Martin Greenwood has been inted managing director of ONSPUR. He succeeds D. S. Sandys-Renton who inues as executive chairman. company is a Guinness re subsidiary.

★

. G. N. Davies has been inted managing director and R. Johnson, a director of WOOD-SANTA FE. Mr. es is a director of Taylor drow Construction and Mr. son the project manager of Shell/Esso partnership's h Cormorant Platform ect. Taywood-Santa Fe began a joint venture in 1974 een Taylor Woodrow Con- tion and Santa Fe Inter- nal Corporation.

★

. J. H. Burgess has been inted managing director of PLASTICS and its sub- ries, members of the indus- division of the Dunbee- bex-Marx Group.

★

PORT announce that Mr. S. ards, Mr. R. A. Moulder and P. W. Stone have been inted to the group executive nittee which has executive onsibility for the co-ordina- of the Group's activities. Mr. ards is managing director of lon Works Steel Company, Moulder, managing director wish Products and Mr. Stone, aging director of Duport iture Products.

★

. William Griffiths has re- as chairman and a director ZAPAPER, Melbourne, Aus- , Mr. T. R. B. Threlfall has elected chairman.

★

r Marshal Sir Rex Roe is to promoted to the substantive of Air Chief Marshal on mber 1 and will become Air ber for Supply and Organisa- on that date. He takes over Air Marshal Sir John Nicholls, who is to become Vice-Chief of the Air Staff from Air Marshal Sir Peter Terry from January 30, 1979. Both appointments carry membership of the Air Force Board of the Defence Council.

★

Mr. J. F. Sclater has joined the Board of HOGG ROBINSON AND GARDNER MOUNTAIN INTERNATIONAL, a member of the Hogg Robinson Group.

★

Mr. Graeme Scott, who left Teacher's to join BRITVIC MINSTER in January as finance director, has been given in addition the newly-created position of deputy chief executive.

★

Mr. Paul Rivett has been promoted from group director of marketing to the newly-created post of group director, general distribution of NATIONAL CARRIERS.

★

Mr. Harry van Daesdonk, deputy chief executive of GRANTS OF ST. JAMES'S, has been appointed managing director.

★

Mr. Douglas Gadd, at present managing director of GEC Measurements, has been appointed managing director of a group formed to co-ordinate and develop GEC companies engaged in energy measurement and control.

★

Mr. James B. Dahms has been appointed managing director of PROCON (GREAT BRITAIN) an affiliate of Procon International Inc. He succeeds Mr. J. Douglas Scott, who recently became vice-president, international operations, for Procon International Inc.

★

Mr. David Clark has been appointed a director of HOGARTH SHIPPING COMPANY.

★

Mr. Bryan Fawcett, formerly feed director, has become managing director of DALGETY CROSFIELDS, within the Dalgety Agricultural Division. He succeeds Mr. Maurice Warren who, in addition to his new appointment as deputy managing director of Dalgety UK, continues as managing director of Dalgety Agricultural Division.

★

Mr. Gordon Golby has been appointer sales director and Mr. Percy Garner, technical director, on the board of W. E. SYKES, a member of the 600 Group.

★

BASS CHARRINGTON has agreed to release Mr. P. B. Hossell from his executive appointments to allow him to devote more time to his position as president of the Institute of Brewing. Mr. Hossell has become a director of Bass Central Services.

★

Mr. A. J. Hutchings, investment manager of IMPERIAL GROUP pension funds, is to retire on October 31. He will be succeeded by Mr. N. W. H. Ferguson, at present deputy investment manager.

★

The AGRICULTURAL DEVELOPMENT AND ADVISORY SERVICE of the Ministry of Agriculture announces that Mr. R. J. Dancey has been appointed senior farm management advisory officer at ADAS headquarters, London, with effect from October 30. He succeeds Mr. W. H. Helme.

★

Within LETRASET INTERNATIONAL a graphics division has been established, and Mr. J. D. Bardner has been appointed managing director. Mr. A. R. Philipson has been appointed a director responsible for European operations. A leisure products division has been established, and Mr. M. D. Bracey has been appointed managing director.

★

HUDSON'S BAY AND ANNINGS has appointed Mr. J. Billings as director, agency affairs; Mr. D. Gearing, director, technical operations; and Mr. H. Eklund director, Scandinavian area.

★

Mr. Michael T. Hagerty has been appointed a director of J. H. MINET AND CO., Lloyd's insurance brokers.

★

Mr. J. B. Ashworth has resigned as a director of THE NORTH BRITISH DISTILLERY COMPANY.

★

Mr. Ernest S. Owens has been appointed a director of the BANK OF NEW SOUTH WALES to fill the vacancy created by the retirement of Sir John Cadwallader. Mr. Owens is a company director and is chairman of Concrete Industries (Monier), Hill Samuel Australia, Rolls-Royce of Australia Pty. and Simon Engineering (Aust.) Pty.

★

Mr. P. A. Taylor has been appointed production development manager with REMPLOY, based at Cricklewood, London, NW2.

★

Mr. D. Sawyer is relinquishing his position as managing director of RANK HOTELS at the end of October. He will be succeeded by Mr. Stuart May, assistant managing director.

★

Dr. David Davies, managing director of Cathodic Protection Company, Grantham, has been appointed a director of CORROSION CONTROL (ARABIA), Al-Kobar—a joint venture between J. C. Van Der Velde, Holland, and Rezayat Trading Company—part of the Aliresa Group, Saudi Arabia.

★

Mr. Terry Slader has been promoted from general manager to divisional operations director of ALLTRANSPORT INTERNATIONAL GROUP'S travel division. Mr. Keith Thomas has been appointed divisional sales director.

BUILDING SOCIETY INTEREST RATES

ENWICH
(8212)
Greenwich High Road,
enwich, SE10 8NL.

posit Rate 6.45%, Share Accounts , Sub'pn. Shares 7.95%. Term res 2 yrs. 1½ above share rate. rs. 1¼ above share rate. Interest Quarterly on shares/term shares. thly Income Shares 6.80%.

LONDON GOLDHAWK
(01-995 8321)
15/17 Chiswick High Road,
London W4 2NG.

Sub'pn. Shares 8.20.
Deposit Rate 6.45, Share Accounts 6.95.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct. 10	Oct. 23	Jan. 11	Jan. 23
Oct. 24	Nov. 6	Jan. 25	Feb. 6
Nov. 7	Nov. 20	Feb. 8	Feb. 20

For rate indications see end of Share Information Service

Money was given for the call in BP, Consolidated Gold Fields, English Property, Shell Transport, Ladbroke Warrants, Bambers, Parker Knoll, John Haggas Appleyard, ICI, P and O. Deferred, Tesco James Halstead, Grand Metropolitan, First National Finance 9½ per cent 1992-97, Common Bros., New Throgmorton Warrants, Associated Leisure, Manganese Bronze, Bougainville and Bristol Channel, while doubles were arranged in Plessey, Premier Consolidated Oil, Siebens Oil (U.K.), First National Finance 9½ per cent 1992-97 and Youghal.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	6	3	67
Corpns., Dom. and Foreign Bonds	5	3	54
Industrials	502	149	881
Financial and Prop.	205	35	274
Oils	12	2	22
Plantations	5	5	21
Mines	49	23	68
Recent Issues	15	6	26
Totals	799	226	1,413

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P/E Ratio
775	F.P.	27/10	850	800	British Alumin'ium New	840	+20	b50	3.4	8.9	3.6
101	F.P.	22/11	400	340	Ferranti New	380	.....	u5.75	11.5	2.3	10.0
101	Nil	22/10	300pm	240pm	Do. Nil Paid	285pm	.....	u5.75	11.5	2.2	10.2
‡‡	F.P.	24/11	34½	31½	Manor Nat Grp. Motrs	34	+½	4.14	1.5	9.4	11.8
‡‡	F.P.	—	122	100	Rightwise	118	.....	—	—	—	4.9

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	—	15/10	15½	14½p	Antofagasta 12% Conv. Prf.	13½p	.....
‡‡	F.P.	10/11	100p	99p	Baim Bros. 10% Prf.	100p	+1
‡	£10	4/1	10½	10	Bristol Waterworks 7% Prf. 1983	10	.....
‡	F.P.	10/11	101p	101p	Casket (S.) 10½% Prf.	101p	.....
‡‡	F.P.	27/10	107	104½	Cowan De Groot 10½% Prf.	107½	.....
99p	Nil	29/9	£28½	£28½	Hall & Smith 14% 1st Deb. [illegible]	£28½	.....
£100	F.P.	8/12	101½	101	Howard & Wyndham 13% Uns. Ln. [illegible]	101½	−¼
£99½	F.P.	—	96¾	95	Kensington and Chelsea Var. Rate 1983	96½	+¼
‡‡	—	5/11	[illegible]	[illegible]	Latham James 8% Cum. Prf.	81	.....
‡‡	F.P.	10/11	101p	[illegible]	Marshalls Halifax 10% Prf.	101p	.....
‡‡	F.P.	10/11	80½	80½	Prop. Sec. Inv. 8% Prf.	80½	.....
‖	Nil	26/10	22pm	18pm	Prov. Laundries 12% Cnv. 86/88	22pm	−2
‡‡	F.P.	—	122	105	Rightwise 10½% Conv. Uns. Ln. 1985	118	.....
£99½	£10	10/1	9	8	Southwark Corp 12½% Red. 1987	8	¼
£99⅝	F.P.	—	98½	97½	Strathclyde Var. Rate 1983	98¼	+½
£97½	£10	26/1	9½	9½	West Kent Water 7% Pref. 1983	9½	.....

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
66	F.P.	19/9	27/10	74	68	Aaronson Bros.	74	+1
280	F.P.	22/9	27/10	354	327	B.T.R.	349	+7
390c	F.P.	22/9	13/10	254	225	Baron Hand	225	−10
50	F.P.	30/8	24/11	74	63	Blackwood Hodge	68	.....
44	F.P.	29/9	10/11	56½	51	British Printing	53	+½
12	Nil	18/10	30/11	6pm	2½pm	Change Wares	2½pm	.....
118	F.P.	21/9	3/11	145	135	Chubb	142	+2
FF110	Nil	—	—	20pm	20pm	Cie. Fr. Petroles	20pm	.....
265	F.P.	8/10	17/11	307	298	Dalgety	307	+5
100	F.P.	6/10	3/11	110	100	Dunlop Bit'mastic 10% Cnv. Ln. [illegible]	101	+1
65	F.P.	6/10	10/11	89	83	Howden Group	89	.....
74	Nil	25/9	27/10	96½	84	Initial Services	96½	+½
10	F.P.	—	—	14	10½	††Kunick Holdings	13½	.....
77	F.P.	11/9	27/10	90pm	82pm	Lex Service	88pm	+1½
80	F.P.	6/10	27/10	106	97	Lon. & Midland Ind.	105	+2
36	Nil	—	—	28pm	9pm	Pawson (W.L.)	24½pm	−½
77cts.	Nil	—	—	4pm	3pm	Rand London	4pm	.....
40	F.P.	29/9	27/10	80	69	Ratners (Jewellers)	71	−1
42	F.P.	6/10	3/11	51	45	Reliance Knitwear	51	.....
200	F.P.	25/9	3/11	338	284	Ricardo Eng.	338	+18
25	Nil	9/10	6/11	38	25	Wharwell	38	.....
12	Nil	—	—	1½pm	1pm	Yorkgreen	1pm	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. q Gross. τ Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Tues., Oct. 10, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Mon., Oct. 9 Index No.	Fri., Oct. 6 Index No.	Thur., Oct. 5 Index No.	Wed., Oct. 4 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	247.67	+0.3	15.59	5.05	8.81	246.97	244.63	245.13	248.32	217.07
2	Building Materials (27)	212.35	+0.6	16.57	5.33	8.31	211.14	209.84	210.06	212.67	205.84
3	Contracting, Construction (28)	387.69	+0.3	17.89	4.08	8.12	386.57	383.81	385.81	397.45	349.46
4	Electricals (14)	583.72	+0.7	12.42	3.17	11.13	579.79	570.81	568.40	580.62	471.94
5	Engineering Contractors (14)	382.32	—	17.37	5.69	7.80	382.28	380.43	380.13	381.45	311.37
6	Mechanical Engineering (72)	194.42	+0.1	16.98	5.62	7.86	194.23	192.80	194.36	196.70	166.58
8	Metals and Metal Forming (16)	171.19	−0.5	15.60	8.32	8.88	172.09	170.44	170.93	172.37	163.13
	CONSUMER GOODS										
11	(DURABLE) (53)	219.54	+0.4	15.64	4.83	8.93	218.75	216.13	216.32	218.50	209.31
12	Lt. Electronics, Radio, TV (16)	271.31	+0.4	13.57	3.76	10.34	270.20	266.73	267.08	270.40	257.29
13	Household Goods (12)	187.63	+0.8	15.87	6.04	8.68	186.23	186.06	185.89	185.96	190.17
14	Motors and Distributors (25)	130.03	+0.2	19.09	6.37	7.30	129.80	128.10	128.18	129.24	123.27
	CONSUMER GOODS										
21	(NON-DURABLE) (172)	218.55	+0.2	15.05	5.60	8.95	218.44	215.78	216.65	218.09	207.92
22	Breweries (14)	234.13	+1.3	14.33	6.06	9.60	231.17	228.98	230.91	231.72	219.91
23	Wines and Spirits (6)	290.41	+0.5	14.66	4.95	10.18	289.00	285.40	286.82	290.52	245.86
24	Entertainment, Catering (17)	275.45	+0.2	13.20	6.33	11.05	274.89	271.06	271.42	270.73	257.53
25	Food Manufacturing (19)	214.10	+0.6	18.07	5.04	7.33	212.88	210.60	211.57	212.78	210.98
26	Food Retailing (15)	234.67	+0.9	12.88	4.39	10.79	232.63	229.20	230.27	229.91	234.88
32	Newspapers, Publishing (12)	398.37	+1.0	19.19	6.05	7.31	394.42	390.74	391.92	387.58	343.74
33	Packaging and Paper (15)	149.26	+0.8	17.26	7.18	7.63	148.12	145.51	146.21	147.44	139.62
34	Stores (40)	205.00	−0.7	10.68	4.44	13.67	206.33	204.03	204.40	206.81	197.27
35	Textiles (25)	188.29	—	17.51	7.40	7.43	188.34	186.56	186.51	188.16	177.62
36	Tobaccos (3)	245.15	+0.4	22.46	7.65	5.27	244.07	240.34	242.41	243.99	234.83
37	Toys and Games (6)	117.56	−0.3	19.28	5.43	6.06	117.97	117.47	116.94	118.22	110.06
41	OTHER GROUPS (99)	213.35	−0.1	14.69	5.70	8.78	213.67	212.77	213.37	214.80	205.37
42	Chemicals (19)	300.93	+0.5	15.22	6.28	8.55	299.36	297.06	297.81	300.30	281.45
43	Pharmaceutical Products (7)	273.56	−0.7	10.41	3.79	11.78	275.37	277.61	280.89	284.13	0.00
44	Office Equipment (6)	140.55	−0.2	17.29	5.41	6.90	140.89	140.73	139.85	141.91	135.02
45	Shipping (10)	425.49	−0.5	14.61	7.17	8.74	427.77	428.35	426.74	431.56	502.10
46	Miscellaneous (57)	230.50	−0.4	16.31	6.11	8.16	231.46	229.12	229.24	229.12	210.50
49	INDUSTRIAL GROUP (495)	232.02	+0.2	15.14	5.43	8.87	231.64	229.44	230.13	232.10	216.92
51	Oils (5)	516.48	+1.3	13.53	3.89	8.02	510.04	507.50	511.71	516.20	517.72
59	500 SHARE INDEX	255.88	+0.3	14.90	5.20	8.73	255.05	252.80	253.76	255.93	241.75
61	FINANCIAL GROUP (100)	167.28	+0.5	—	5.81	—	166.52	165.51	165.24	166.28	178.08
62	Banks (6)	185.83	+1.2	25.16	6.31	5.96	183.65	181.89	180.96	183.41	187.57
63	Discount Houses (10)	206.90	+0.1	—	8.36	—	206.69	207.91	208.43	206.98	240.71
64	Hire Purchase (5)	158.63	+0.7	15.36	5.20	8.59	157.53	158.16	158.37	158.02	197.67
65	Insurance (Life) (10)	138.09	+0.5	—	6.80	—	137.47	135.48	136.18	135.53	152.21
66	Insurance (Composite) (7)	124.08	−0.1	—	7.07	—	124.14	123.37	123.56	124.79	154.16
67	Insurance Brokers (10)	342.50	+0.4	13.85	4.84	10.33	341.29	340.48	341.01	344.83	331.10
68	Merchant Banks (14)	84.10	+1.0	—	5.78	—	83.30	83.26	82.69	82.17	95.77
69	Property (31)	261.47	+0.1	3.30	2.81	52.05	261.14	260.24	258.67	259.21	233.73
70	Miscellaneous (7)	108.45	—	23.28	7.70	5.56	108.45	109.10	109.16	108.80	110.32
71	Investment Trusts (50)	225.01	+0.8	3.10	4.61	32.30	223.31	223.03	223.92	223.83	206.14
81	Mining Finance (4)	112.49	+0.9	15.66	6.33	7.78	111.49	110.25	110.31	110.40	99.87
91	Overseas Traders (19)	330.05	+0.4	14.77	6.97	8.49	329.63	327.75	326.06	324.74	290.78
99	ALL-SHARE INDEX (673)	232.97	+0.4	—	5.34	—	232.09	230.25	230.86	232.56	223.57

FIXED INTEREST PRICE INDICES

	British Government	Tues., Oct. 10	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.33	+0.04	—	7.38
2	5-15 years	114.55	—	—	7.61
3	Over 15 years	119.44	—	—	10.91
4	Irredeemables	127.21	—	—	9.02
5	All stocks	112.15	+0.01	—	8.75

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Tues., Oct. 10	Mon., Oct. 9	Year ago (approx.)
1	Low Coupons	5 years	9.05	9.05	6.23
2		15 years	11.05	11.04	9.30
3		25 years	11.90	11.89	10.18
4	Medium Coupons	5 years	12.02	12.02	8.99
5		15 years	12.27	12.26	10.17
6		25 years	12.27	12.26	10.43
7	High Coupons	5 years	12.04	12.04	9.26
8		15 years	12.80	12.80	11.19
9		25 years	12.95	12.94	11.26
10	Irredeemables		11.72	11.71	10.26

		Tues., Oct. 10 Index No.	Tues., Oct. 10 Yield %	Mon. Oct. 9	Fri. Oct. 6	Thurs. Oct. 5	Wed. Oct. 4	Tues. Oct. 3	Mon. Oct. 2	Friday Sept. 29	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.70	†12.87	57.70	57.72	57.70	57.70	57.70	57.71	57.70	61.97
16	Investment Trust Prefs. (15)	51.65	13.58	51.74	51.74	51.74	51.74	51.22	51.37	51.37	56.42
17	Coml. and Indl. Prefs. (20)	71.29	15.08	71.29	71.57	71.57	71.57	71.31	71.34	71.47	78.77

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

Skateboarding: the craze that left a maze of debts in its slipstream

BY ARNOLD KRANSDORFF

THE skateboarding craze, which brought with it a multi-million pound industry, has all but burnt itself out, leaving in its wake a considerable number of disappointed entrepreneurs. Mr. G. K. Benscher, chairman of Campari, has an embarrassing number of imported skateboards he can't sell. If he can't get rid of them in European markets, he reckons on a large bonfire. Meanwhile, he has found a novel use for the urethane wheels—by adapting them to his warehouse trolleys.

For Mr. P. J. Neill, a director of Yorkgreen Investments, the remedy is just as decisive. He is threatening to dig a hole and bury the skateboards that—because of late delivery—resulted in a £30,000 write-off in the last accounts.

Mr. Ian Tegg, a former director of London's biggest skatepark, Skatecity (now defunct), has 2,000 pairs of elbow/knee pads on his hands. Costing £1.75 a set, and at one time retailing for £6, he can't even get a 20p offer for them now.

These are just three examples of what has happened to a fledgling industry which just 10 months ago was boasting of an annual turnover of some £20m. At present, the over-capacity of skateboard equipment in the U.K. is epidemic.

Last year it was variously estimated that up to 2m skateboards had been sold, but, as the summer of 1978 approached, manufacturers and retailers alike were nervously waiting for confirmation that the kids would carry on skating. At the time, their stock levels matched the euphoria generated by the pre-Christmas boom.

In the event, the kids did not re-appear in the numbers that the optimists had predicted. As the summer progressed, the number of voluntary liquidations started mounting. Those who succumbed have been mainly small businessmen who had seen the chance of riding a very profitable bandwagon.

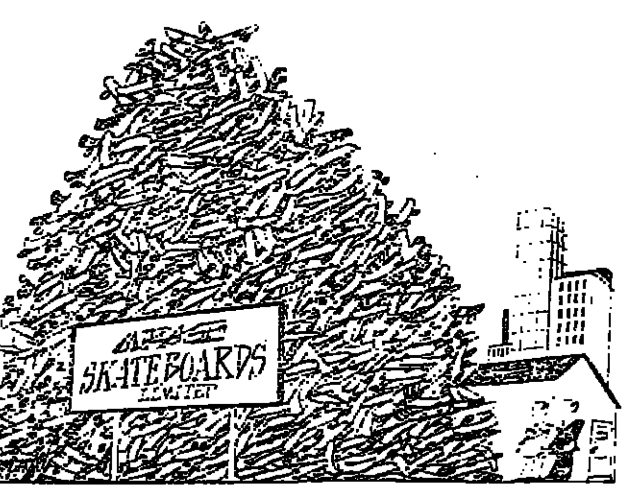
Exit such manufacturers as Newporter with debts of £200,000, Redruth-based Sean Dynamics with debts of £75,000, Chipboard in London with creditors totalling £27,000, Fiberform in Huddersfield and SBS Skateboards of Middlesex. Other companies that have gone to the wall include Skateboard Sam, Skate 2 and Sportsways, all of London, Dolphin Skateboards in Brighton and the Bath Skateboard Centre.

Of around a dozen UK manufacturers, only about seven have survived, mainly because they have had other products to fall back on. Inevitably, they are all producing at a much-reduced rate.

They include skateboard manufacturers such as Morris Vulcan, who have roller skates to return to, Frisbee, Beadle, Gecko and Benjyboards, and wheel manufacturers such as Flexello of Slough and Avon Industrial Polymers, a subsidiary of Avon Rubber Company.

Along with the slump has gone two of the industry's weekly newspapers, one with advertisers still owing about £50,000. Mr. R. Howell, advertising manager of Skateboard—the only surviving publication—said "Never in all my life on publications have I experienced such bad debts generated by a single product," he said. He personally knew of 14 companies that had gone into liquidation.

Also beating a hasty retreat have been a number of skateboard park operators, including Skateways, London's first skate park. Jointly owned by Tate and Lyle and National Car Parks, Skateways once claimed that it had the backing and expertise to become a stabilising influence on the control and operation of specialised parks. Its excursion into the skateboard industry has proved to be an embarrassing failure.



"We're hoping to interest the EEC in this mountain"

The previous operators, Skatecity, which also failed to make the park profitable, pulled out of a joint venture with Bovis Civil Engineering, which was to offer a construction and investment service to park operators.

One bitter skateboard manufacturer puts the blame squarely on local authorities. Having legislated the kids off the streets through local bylaws, they did not provide adequate facilities to enable skateboarders to maintain their enthusiasm, he said.

He argued that local authorities were reluctant to provide proper facilities because they were uncertain the craze would last—and because they hesitated, the craze died. Catch 22! At the same time, many local authorities were slow—and in some cases reluctant—to give the necessary planning permission to private developers, who were all very anxious to supply a need and get a good return on their investment.

But this was to prove difficult for those who tried, as Skatecity in Southwark showed. The market could only bear entrance fees of around 75p per session and even in high population areas the return on capital employed was too low.

In spite of this, the private sector has been responsible for about 34 skateparks around the country representing a total investment of around £5m. Few have proved to be a success, with the main criticism being that they have been unimaginatively designed.

Only about half of them are indoor parks which will allow them to be used throughout the winter. Perhaps the most successful of the skatepark operators has been Skateopia, a joint venture between Morris Vulcan and Wetenhall Cooper, part of the Cooper Industries Group. They have three skateparks, including one at Knebworth House, a stately home in Hertfordshire, but—as elsewhere—utilisation levels have been disappointing.

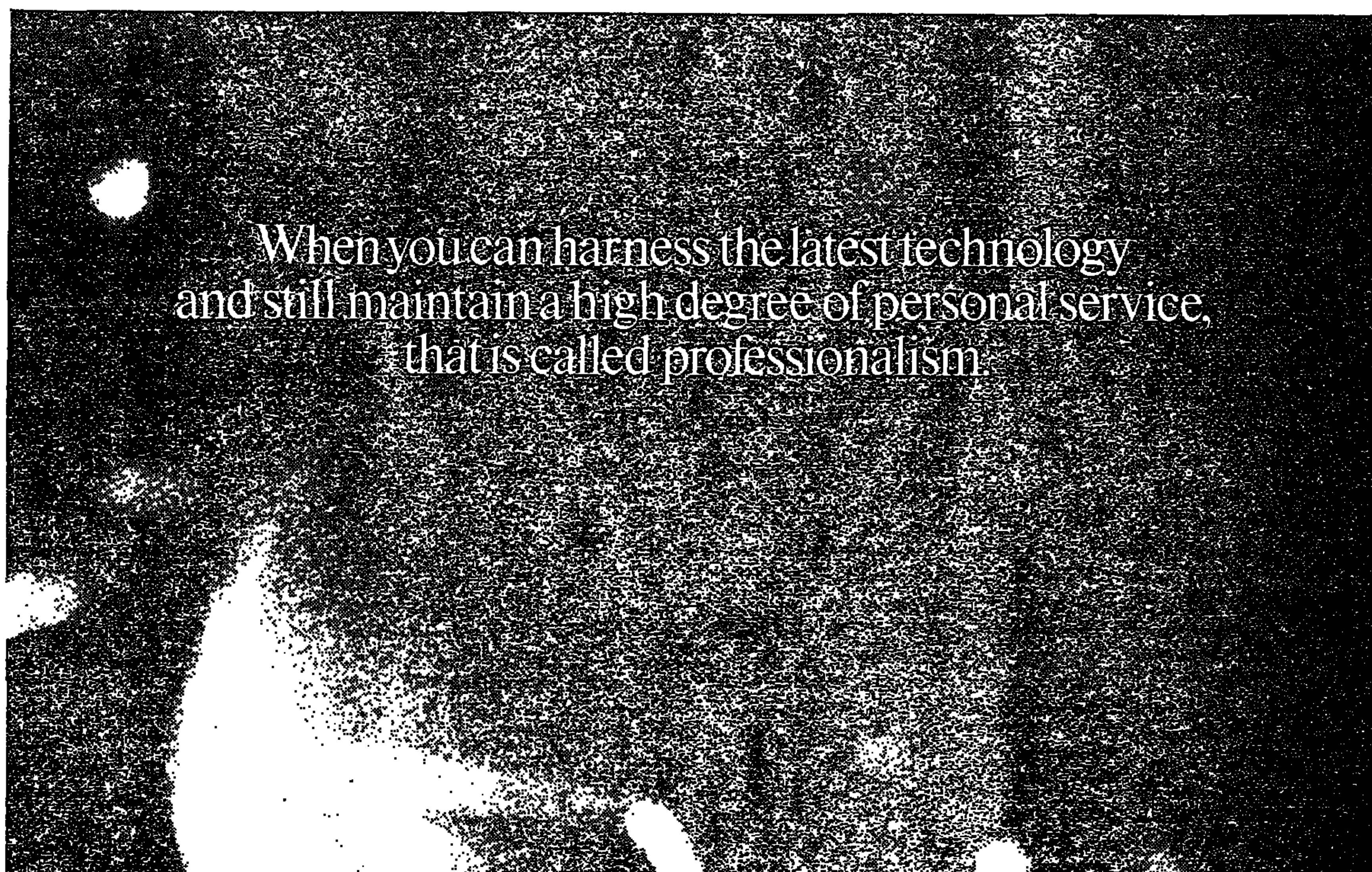
The consensus around the industry is that while the craze is dead, skateboarding has found its own level as "a fairly solid minority sport."

This is confirmed by the newly-formed Skateboard Foundation, whose function it is to develop the sport. Co-ordinator Mrs. Margaret Howard estimated that there were only 15,000 hardcore skaters left in the country, with perhaps another 15,000 of the less serious variety.

Meanwhile, skateboarding's switch from being a toy to a sport has meant that distributors are seeing only a minimal demand for cheap ranges. Alpine Sports, probably the largest wholesaler/retailer, said that orders were mainly for the top professional-quality American product. Their sales amounted to around 1,000 decks a week (compared with 10,000 a week before Christmas last year) with much of the demand coming from European buyers.

Morris Vulcan, which was producing about 40,000 skateboards a week last November, is now turning out about 5,000 a week, mainly for the Swedish, Belgium and French markets. A spokesman said he expected UK demand to recover in 1979.

In the meantime, quite audible sighs of relief have come from the casualty departments of hospitals, which had been gearing themselves up for queues of concussion cases and broken limbs. Elsewhere, the toy companies and bicycle manufacturers are positively glowing. This year skateboards won't divert expenditure away from their coffers as it did in 1977.



LEGAL NOTICES

No. 003090 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of VEUTGLADE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by The High Court of Justice was on the 29th day of September, 1978, presented to the said Court by MODELUXE LINEN SERVICES LIMITED, 111 Foundry Lane, Southampton SO1 3GB, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 30th day of October, 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

HOWELL-JONES & PARTNERS,
19a Wimbledon Bridge,
London SW19 7NH,
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 27th day of October, 1978.

No. 003093 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of ALLWOOD FURNITURE PRODUCTS LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 29th day of September 1978, presented to the said Court by ALLWOOD FURNITURE PRODUCTS LIMITED of Lynwood House, 24-32 Kilburn High Road, London, N.W.6, Manufacturer of furniture, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 30th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

WM. F. PRIOR & CO.,
Temple Bar House,
23/28 Fleet Street,
London EC4Y 1AA.
Ref: JM/8178. Tel: 01-353 2571.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 27th day of October 1978.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:

No. 003139 of 1978
SILVERGREEN LIMITED
No. 003140 of 1978
MELITA RESTAURANT LIMITED
No. 003142 of 1978
ANNAGRADE LIMITED
No. 003144 of 1978
EDFOY LIMITED
No. 003145 of 1978
GRAJAN LIMITED
No. 003146 of 1978
LONDONIA LIMITED
No. 003147 of 1978
STARCIDE (RESTAURANTS) LIMITED

and in the matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that Petitions for the Winding up of the above-named Companies by the High Court of Justice was on the 4th day of October 1978, presented to the said Court by THE MAYOR AND BURGESSES OF THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA of the Town Hall, Hornton Street, London, W.8, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 6th day of November 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

A. ELLERY,
Borough Solicitor,
The Town Hall
Hornton Street,
London W8 7NX.
Ref: WGM/LT/FG/21.
Tel. 01-937 5464 Ext. 235.
Solicitor for the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of November 1978.

No. 003130 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of AIR FAISAL LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 4th day of October 1978, presented to the said Court by SHELL UK LIMITED of Shell Mex House, Strand, London, W.C.2, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 6th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

WM. F. PRIOR & CO.,
Temple Bar House,
23/28 Fleet Street,
London EC4Y 1AA.
Ref: TB/8123. Tel: 01-353 2571.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of November 1978.

No. 003131 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of JET AGE AERO SERVICES (ENGINEERING) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 4th day of October 1978, presented to the said Court by SHELL UK LIMITED of Shell Mex House, Strand, London WC2R 0DY, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 6th day of November 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person, or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

WM. F. PRIOR & CO.,
Temple Bar House,
23-28 Fleet Street,
London EC4Y 1AA.
Ref: TB/8125. Tel: 01-353 2571.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 3rd day of November 1978.

FINANCIAL TIMES SURVEY
Wednesday October 11 1978

ALUMINIUM

The rate of growth in aluminium consumption is expected to settle down at about 6 per cent in a year. But the major producers, anxious to improve profitability, are taking a cautious view about expanding capacity despite the possibility of a world shortage by the early 1980s.

Bright future looks assured

By Roy Hodson

THE National Geographic magazine recently called aluminium the "magic metal" in a wide-ranging survey of its uses and its potential. The international aluminium industry frequently wishes the magic could act more potently.

In spite of it being the most abundant metallic element in the world the usage of aluminium is still small in comparison with iron and steel. The Western world produces some 400m tonnes of steel a year but only 11m tonnes of aluminium.

The true aluminium age is yet to come. It could arrive within the next decade through the pressing need of industrialised nations to make better use of the metal's special virtues: in particular its comparatively light weight (half the weight of steel for similar strength); its resistance to corrosion; and the ease with which it can be formed. In a world which is newly-conscious of the price of energy, aluminium represents one certain route towards substantial energy-saving across continents by its adoption for light-weight machines, vehicles, and components.

The long-term future for aluminium is thus accounted bright. But cynics in the business reply that it always has been: while, as always, that big leap forward in aluminium usage remains tantalisingly round the corner.

Growth

Of more practical importance is the predictable growth of the aluminium industry during the next five years. Definite patterns are now emerging.

For more than 30 years—right up to the latest world trading recession—production and usage of aluminium grew at a fairly steady 8 per cent a year. Dominated by the big north American producers the industry became thoroughly attuned to that brisk rate of growth. Meanwhile, metal prices tended to lag behind what would be necessary for a sound rate of return upon the capital invested in the industry. Only during the past year have some of the producers shown a new resolve to sacrifice some growth for a period of several years if necessary in order to secure a greater level of profitability from their production.

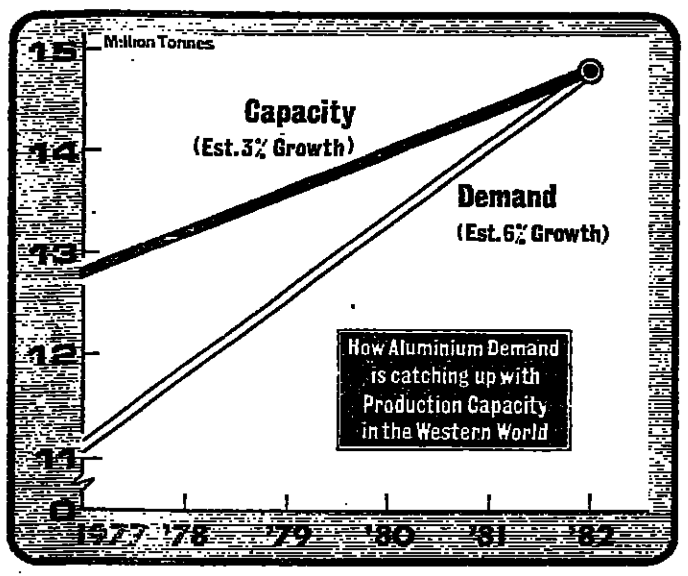
Between now and 1982 world aluminium demand is expected to grow at some 6 per cent a year. But surveys of new aluminium smelter capacity being built or contemplated (for the production of the primary metal from alumina) point to a consensus opinion that the industry's production capacity is only going to grow by 3 per cent a year up to 1982. The inevitable outcome of those two different growth rates is simply shown on the accompanying chart.

In 1982 aluminium consumption in the western world can be expected to overtake production.

By 1980, perhaps before, it is likely that aluminium prices will be hardening because of a looming general shortage of the metal and an actual tightening of supply in some market areas.

The expected annual growth rate in aluminium consumption is unlikely to prove optimistic, although copper has become extremely price competitive and must set back aluminium growth in certain specific applications. The 6 per cent growth estimate for aluminium could yet prove to be too low an estimate if moves towards greater use of aluminium in the world automobile industry take place rather more quickly than expected.

Meanwhile, the trend towards building new smelter capacity in underdeveloped corners of the world, where power for the energy-hungry process is both cheap and plentiful, is having its own dampening effect upon the expansion of the industry. Plants are coming on-stream more slowly than expected. Some are not meeting design performance.



How Aluminium Demand is catching up with Production Capacity in the Western World

Shortage

A shortage of aluminium in the early 1980s seems inevitable unless there is a sudden flurry of new activity to invest in further smelters. And so far there is no sign of that. The companies generally would prefer aluminium users to become accustomed to paying a higher price for the metal before serious plans are laid for a major new round of investment in additional production capacity.

In the United States where aluminium smelter capacity will grow at less than 2 per cent during the next few years the majors—Alcoa, Reynolds and Kaiser—are prepared for substantially higher imports to meet anticipated demand levels. Some elements in the United States industry seem to be actively encouraging that trend.

So far aluminium prices have not risen dramatically although British market prices recently rose by 8 per cent and U.S. prices have been pushed up where possible.

Instead, the traditionally tight pricing structure worldwide is loosening. The ruling United States price, quoted in U.S. cents per pound, was traditionally accepted as the world standard price for aluminium. But it is becoming steadily less relevant as ever-increasing percentage of total supplies are manufactured outside North America and as the North American producers export progressively less metal from their home smelters.

This autumn the London Metal Exchange introduced a futures market in aluminium. The aluminium industry is solidly against it claiming that the market will merely encourage gambling in the metal and do nothing to stabilise or hold down prices. But a number of observers see the LME move as just another stage in the detachment of the world aluminium industry from the rules and *mores* of the big North American producers. The next stage could be a sterling or other European currency aluminium price quoted by the producers.

Retrenchment by the North American companies has also helped bring in being this year a true British aluminium sector which is being studied with interest by investors. First it became possible to invest in Alcan UK on the London market through the conversion of convertible loan stock into ordinary shares representing 16 per cent of the company's equity. That happened in June. Quickly and unexpectedly the Alcan move was followed by the reversion of British Aluminium to the role of an all-British company.

Investment

Early in September Reynolds Metals sold its 49 per cent holding in British Alminium for £45m to Tube Investments and a number of British financial institutions. The official exlanation was that Reynolds—for 20 years a part-owner of British Aluminium—had become so far removed from the day-to-day running of the British company that its investment had become simply a portfolio holding. Reynolds claimed it would prefer to put the money to work in new aluminium investment in the U.S.

An active British aluminium sector promises to enliven the industrial scene from now on. In actual investment terms the most important development this year has been by one U.S. major which still clearly believes in making new investment in the European Community. Alcoa—the biggest producer inside the U.S. market—has opened a £40m aluminium rolling mill near Swansea to produce light gauge aluminium sheet specifically as a feedstock for British and continental canmakers.

The investment is interesting as it points up the looming battle between steel and aluminium for the European can market. The Alcoa product is, however, likely to be sufficient to meet British and continental canners demands for several years to come. None of the other aluminium companies are contemplating building another plant to compete in that particular market sector with Alcoa.

There is a sense of expectancy in the aluminium business this autumn. The trend towards looser pricing arrangements has yet to be evaluated properly. The changing roles of the companies (as production in developing nations where power is cheap becomes of increasing importance), is another factor which can only be certainly measured with the passage of time.

The one thing most producers will agree upon is that growth will continue and most of them will be surprised if it falls far short of 6 per cent a year for some years to come.

Changing world demands

IN MANY WAYS North America is the pace-setter for the world aluminium industry. The big companies—Alcoa, Alcan, Reynolds, and Kaiser—grew up there. Until recently the big demand volume was concentrated there. The U.S. metal price still rules although its grip is slackening with such developments as the London Metal Exchange's aluminium market. And the North American market still has one more crucial card to play in the future. If demand for the metal is to increase dramatically through a policy decision by automobile makers to switch to a material lighter (with consequent fuel-saving) than steel that development will pivot around the big auto-makers of Detroit. They will set the pace and buy the metal.

An interesting point is that the world aluminium industry could not, at present, cope with a sudden preference for aluminium by Detroit. The aluminium industry's balance between supply and demand is closer than it has been at any time in the last 20 years. All the signs are that demand will continue to edge up towards the level of production until a meeting point between the two figures will occur probably in 1982. The metal will be in short supply.

Meanwhile, the U.S. market has its own problems and challenges. On the one hand there are enticing opportunities for companies prepared to invest in fast-growing sectors of aluminium demand—in particular foil and packaging. When Reynolds Metals recently pulled its £45m stake out of British Aluminium it explained the money was needed back home saying: "The demand for aluminium in the U.S. is presently growing rapidly. Reynolds anticipates relatively strong growth in the U.S. demand for some time to come. Strong expansion in aluminium demand stems partly from several years of U.S. economic growth and partly from a marked structural change in the nature of U.S. aluminium markets."

". . . The most important structural changes are occurring in certain domestic markets . . . all-aluminium beverage containers, flexible packaging, and household aluminium foil, and the transportation-related markets are all presently undergoing substantial changes which point to larger aluminium requirements."

That statement from Reynolds—made in London to explain its change of policy over British Aluminium—represents the clearest exposition yet of how the big companies see the U.S. aluminium market developing. The implication must be that what is happening in America today will happen in the remainder of the world tomorrow.

On the other hand, it is becoming more difficult and more expensive to produce aluminium on the North American continent. A number of the very cheap power contracts which have so helped the industry down the years are now being renegotiated at far higher levels thus knocking the industry's traditional—some might say hide-bound—economics into a cocked hat. Smelters are more expensive to build. There are new environmental restrictions.

Imports

Mr. Cornell C. Maier, chairman and chief executive officer of Kaiser, recently told analysts that, "In the mid to long-term additional imports will be required to meet demand in the U.S. market." Already imports of aluminium account for about 10 per cent of the U.S. domestic supply. That figure is sure to rise.

The same U.S. major producers have, of course, invested heavily in new smelter capacity around the world wherever deep water is available for alumina cargoes and power supplies can be obtained sufficiently cheaply to make a smelter viable.

Sometimes those investments do not run as smoothly as might be expected from a home-based operation in the U.S. When power is cut from a smelter the pots "freeze" and have to be chipped out with pneumatic drills. The process costs millions of pounds in a typical smelter and takes months. There have been a series of cases of smelters "freezing" in various remote parts of the world because of interruptions to power.

But the trend is clear. The U.S. industry will concentrate upon supplying most of the demands of its home market and nearest export markets such as central America. Imports of aluminium into the U.S. will grow meanwhile.

In other parts of the world smelter development will continue at a slow but steady rate for as far ahead as forecasts can be made. One exception is Japan where high fuel costs are causing contraction in the industry.

The activities of the East bloc nations and China pose some interesting questions about the future development of international aluminium trading.

The Competition Department of the European Commission is presently putting the finishing touches to a statement of objections to certain aspects of trading between the aluminium producers. The investigation was sparked-off by interest in some arrangements by which the Western companies were, for a limited period, purchasing aluminium from Russia, Czechoslovakia, Poland, and Hungary. The Comecon production looks like being an important factor in future. Will it continue to be available to "top up" western market needs?

China has been a net buyer of aluminium until now. Will that situation continue or will it change? China has excellent hydro-electric power potential and aluminium smelting might be considered a good way to use it during the industrialisation of the country. In which case Chinese aluminium could become a factor on the world market.

A recent survey of smelter plans, announced or contemplated round the Western world outside the U.S. suggests that the expected capacity increase of some 3 per cent a year during the next five years might even be on the high side. There are indications that a number of the paper projects may have been postponed or canned.

The world capacity for producing alumina—the base material made from bauxite—is far less uncertain. New alumina reduction plants—it is a simple chemical process—are building worldwide. For instance, Alcan has an 800,000 tonnes a year plant under construction near Limerick (shared with Atlantic Richfield and Billiton) to help supply European smelters, and another alumina plant is being built in Spain.

The usual yardstick for growth in aluminium usage in industrialised societies is that the rate of growth is about twice that of the gross domestic product.

The international aluminium industry sees no reason to depart from that rule-of-thumb yet. Indeed the rate could be considerably higher in Japan, Europe, and North America during the next few years if the automobile manufacturers rev-up their plans for making more use of aluminium. A number of automobile makers and components companies are now in the process of making hard decisions of the "aluminium or steel?" variety for new models and new components due to appear early in the 1980s.

A much bigger market in secondary aluminium—metal that has been used and remelted—is also expected to develop as more aluminium scrap appears on the market. The aircraft industry will be an increasingly rich source of material for secondary metal as the breaking-up of some of the earlier big jets begins. Rising secondary metal supplies will in turn, help automobile engine makers to choose aluminium for castings and cylinder heads.

As more scrap aluminium circulates it is inevitable the manufacturers of many products now made from other materials will increasingly consider secondary aluminium as an alternative.

Roy Hodson

The major uses

THE MAJOR markets for UK-produced aluminium have moved little in relation to each other over the past few years, though the industry believes that there may be significant growth in some sectors—notably transport and packaging. The industry is cautiously buoyant on most sectors of the market—though perhaps the can market leaves the greatest room for uncertainty and debate. No one knows for sure whether or not it will take off in a big way.

First, however, the major uses of aluminium. The broad market categories are: the building and construction industries; the transport industries; (cars, lorries, planes, trains and ships); domestic appliances; electricity supply; machines and industrial equipment; and containers of various kinds, including here aluminium foil. This list of the main uses is in order of importance: though it may be that containers should soon move up one.

In building and construction, aluminium is used for a variety of decorative uses (or a combination of decorative and utility uses); wall facings, roofing, side panels, partitions, windows and doors, and awnings. It is growing in popularity in the manufacture of prefabricated houses, and custom-built exhibition stands (a rapidly growing market in its own right) are now often made in aluminium.

Transport

The transport sector uses include aluminium components in almost every form of transport by land, sea and air. There are now aluminium-made trains and rolling stock; and in automobile manufacture, the product is used for body trims, for radiators, for brakes and for wheel trims. There is a growing market in ships' engines, while aluminium superstructures are becoming more popular as are hulls.

In the electricity sector, aluminium is used extensively in long distance electric transmission lines, and in the manufacture of condenser foil. In the general industrial machinery market, it is used for making cranes, hoists, scaffolding and lights. Finally, the container (can) market is growing, as is that of aluminium foil (though there may be future decline, or stagnation here, because of the competition from transparent cooking foil). The breakthrough in the can market will come, the industry believes, if it proves itself a competitive alternative to tin: at the moment, it is largely used as the top and bottom of beer cans, and in the manufacture of beer kegs.

There are three main products from aluminium mills: cast, rolled and extruded (including tubes). The UK production for 1977 for these three main products was: in cast, 121,000 tonnes; in rolled, 203,000 tonnes; in extruded, 141,000 tonnes. Growth is expected this year, but the Aluminium Federation is reluctant to predict how much: fourth quarter figures could go sharply up or down.

The breakdown of the main uses of the various products are roughly—for cast, 54 per cent in transport, mainly in the automobile industry; 15 per cent domestic; 10 per cent electrical; perhaps 10 per cent to stockholders. For rolled products, 20 per cent goes to cans and foil; 14 per cent domestic; 11 per cent road transport; more than 10 per cent to stockholders; 3 per cent to builders and 1½ per cent to aircraft manufacture. Extrusions and tubes go 25 per cent to the electricity industry; 25 per cent to the building industry; 10 per cent to stockholders; 8 per cent to domestic; 7 per cent to road transport; 1 per cent to packaging and 1 per cent to aircraft manufacture.

These proportions, though subject to some variation, have been surprisingly stable for the past two years: most volatile, the trade reckons, will be the domestic, automobile and packaging sectors, where some extra capacity has recently been installed. Alcan, for example, has recently completed a new plant in Leeds for the manufacture of laminated glass windows with aluminium frames.

World demand for aluminium has made a generally good—surprisingly good — recovery from the deep slump of 1975, and most major sectors of the market are thought to be on a rising trend. The UK industry is now confident enough to be pressing the government for assistance in expansion plans—so long as a special price can be arranged for the industry's supplies of electricity, which it uses in enormous quantities.

The packaging part of the market seems at the moment one of the most interesting, if only because of its unpredictability. The industry is quite simply wholly divided over whether it will increase dramatically, or continue much as it is now, with only slow growth.

Over the past ten years and more, packaging has proven to be the largest growth area, and aluminium producers, especially in the U.S., have mounted a sustained campaign to increase their share in the market. Its advantages as a material—both rustfree and soft—lend it to a number of applications.

Annual increase in sales in the U.S. has been running at better than 15 per cent, a figure which can be sustained largely by the growth in the sale of the products which the aluminium packages. Convenience foods of all kinds have grown in popularity in the U.S., and now in Europe: within that overall market, the sale of beer and soft drinks in cans has greatly increased. Aluminium's contribution to the beer can was the pull-off top, now so universal it has become one of the symbols of disposable culture. The use of aluminium in this market has grown further with the development of the two-piece can, which can be filled very quickly by the drinks producers.

The market for beer cans in the UK this year is expected to be around 3bn cans (both beer and soft drinks): this is up from a total for 1975 of around 2.2bn cans. Most of this is taken up by tinplate, with some aluminium "topping and bottoming," where aluminium is more flexible. However, it will not greatly increase its share of this sector unless there is more widespread use of it in the construction of the entire can.

Packaging

Foil still remains the most important packaging use for the product in the UK. The convenience food market has certainly stimulated demand—takeaway foods are often wrapped in aluminium foil, as are pre-packaged foods. The changing social pattern—women increasingly being drawn into the full-time workforce—has meant, and will presumably continue to mean, that this growth will be sustained. Aluminium can withstand high temperatures, it lends no taste of its own to the food it covers and it is highly flexible: all these qualities ensure its continuing success.

Foil laminates are also much more widely used in the kitchen (by those who do not always use convenience foods) as a baking aid, a trend some producers have shrewdly capitalised on by producing cookbooks with recipes designed for use with foil. The foil also is used in general packaging, for such products as butter, milk, cream, coffee, soap, soup powders and shampoos.

The act of faith that is required to see a booming future in aluminium cans has been made most notably by Alcoa, which has invested £40m over the last five years in the plant it runs at Waunarlwydd, near Swansea, in South Wales.

John Lloyd

A bumpy ride for UK suppliers

THE BRITISH aluminium market is expected to show some growth in the second half of this year. But it is not likely to equal the brisk trading of the first half of last year which then petered out with the same suddenness with which it had begun. Sales directors are expecting the stronger demand to continue for some months into 1979 on the back of the consumer boom. Then a quieter period is expected with no major market expansion before 1980.

That market analysis—a consensus of opinions from the British industry — suggests a bumpy ride for aluminium. The important point is that the fluctuations in demand should be seen against the long-term growth in sales of both rolled products and extrusions. Aluminium in Britain has enjoyed continuing growth in spite of many temporary fluctuations.

It is being hoped that the industry will achieve some 4 per cent growth next year. That will not be up to expected world levels of nearer 6 per cent. But it will be near enough to world performance to give the UK companies confidence in the basic ability of the aluminium market to grow.

Importance

When demand in Britain used to sustain an 8 per cent annual growth such minor matters as stock levels did not matter overmuch.

But lately stock levels have assumed a new importance in calculating aluminium supply and demand in Britain. Many of the bigger swings either side of the standard growth curve during the last couple of years have been the result of aluminium users and stockists either stocking up in anticipation of price rises or booms in demand or, just as actively, de-stocking because of uncertainties about the economy.

The result of stocking and de-stocking has been to send the aluminium producers into a cycle of "stop go" in which they oscillate from no-growth to a faster rate of growth than they are geared to handle. The industry is hoping that the swings will not be a permanent feature of the market scene. Already there are signs that they are disappearing as the rate of inflation falls.

By far the most exciting new feature of the aluminium industry in Britain is the unexpected realignment of the two major companies, Alcan UK and British Aluminium. Since the summer Alcan has been traded as an ordinary share on the London Stock Exchange. Meanwhile, British Aluminium has become the only wholly-British aluminium company following the withdrawal of the former 49 per cent shareholder Reynolds Metals. Tube Investments now holds 58 per cent of British Aluminium but intends that the company should pursue a policy of vigorous growth under independent management without interference from the majority shareholder.

The fact that the two British companies can now be regarded as a fledgling aluminium investment sector in London has been enough to cause rising interest in aluminium affairs. The pundits are prophesying an exciting ride for shareholders as the industry is regarded as basically cyclical. But this need not be the case.

The world trend in aluminium is for metal supplies to become tighter and prices to rise at a rather faster rate than the industry was used to in earlier years when headlong growth was all the rage. The British aluminium companies may yet prove to be far less cyclical than expected, backed as they are by contracts for power supplies to their smelters at favourable rates.

There are three big smelters in Britain. The Holyhead smelter on Anglesey is owned by Anglesey Aluminium, in turn two-thirds owned by Kaiser and one-third owned by Rio Tinto Zinc. British Aluminium has a smelter at Invergordon together with two older and smaller smelters in the Scottish Highlands. Alcan has a big modern smelter at Lynemouth, Northumberland. The three modern smelters were all brought into being with the support of power at favourable rates—electricity for Anglesey and Invergordon, and coal for Alcan's own power station at Lynemouth from a pit next door.

All three smelters are now running at or near their design capacity. Yet Britain still requires to import some 60,000 tonnes of aluminium a year to "top up" home production. One way forward is for each of the companies to expand production at its smelter. That would only be economical if more cheap power—competitive with power prices to overseas smelters—were to be made available. So far neither the government nor the nationalised power authorities have shown any interest in aluminium smelting expansion. But the companies keep talking and hope that one day the idea will become politically respectable.

A basic difficulty in all talks about cheap power for smelters is the difference between the philosophy of power tariffs in Britain and in Europe. The British tradition has been to supply power as cheaply as possible to consumers without favouring one at the expense of another. In many other parts of the world industry gets a special cheap tariff because governments believe that it is economically desirable to discriminate in favour of the industrial power user at the expense of the domestic user.

Meanwhile, British Aluminium is studying the possibility of redesigning its Lochaber smelter in the Highlands at a cost of some £20m.

Alcoa made a significant new investment in the British aluminium industry earlier this year—the company's biggest single project so far outside the U.S.—with a new £40m aluminium sheet plant in South Wales. The interesting feature of the Alcoa plant is that it is designed specifically to turn out aluminium feedstock for the canning industry. In the U.S. aluminium has made big inroads into canning through active marketing and campaigning by the aluminium companies. The future for aluminium cans in the British market is far less clear. For one thing British Steel will fight very hard to keep its 1m-tonnes-a-year-plus tinplate market with the canners. BSC has recently installed new tinplate-manufacturing capacity.

Alcoa has already found ready markets for its South Wales production in Britain and Europe. But it is likely to be some years before another aluminium company also decides to take the plunge with aluminium can material production in Britain.

Aluminium imports have now penetrated the British market to a higher degree than ever before and 30 per cent of aluminium rolled products are coming from abroad. That figure does not, however, unduly disturb the companies, most of whom are well used to operating internationally themselves. They consider it a normal level for a European country nowadays.

Aluminium growth in the British market is expected to closely follow world trends with the most lively areas being found in packaging transport, and building, while hope remains deferred for really solid penertation of the automobile industry. But in one area—military aircraft usage—the British market for aluminium looks particularly bright due to the inflow of orders for British and joint European designs.

Roy Hodson

The futures market

"THE MORE the producers protest, the more we are encouraged about prospects for the aluminium futures market on the London Metal Exchange." That was the view expressed by one of the leading supporters of the new LME futures contracts that was launched on October 2nd.

It was an historic occasion for the Metal Exchange. It was the first new market introduced since silver trading was re-introduced in 1968. Since silver had been traded before, it was the first new metal to be introduced on the Metal Exchange since well before the second World War.

To the Metal Exchange the introduction of an aluminium futures market is very logical. In volume terms, aluminium is the most important non-ferrous metal exceeding copper. At the same time many of the LME companies already trade in aluminium on the so-called "free market"; that is aluminium not sold at a price controlled by the major Western world producers.

Estimates of the importance of the aluminium "free market" vary according to the vested interest consulted and also the state of the overall market. In times of surplus, for example, one would expect a great deal more aluminium to find its way onto the "free market" not only from consumers and merchants with surplus supplies to dispose of, but also from producers anxious to break into new markets, such as China.

In times of surplus the Metal Exchange estimate that the "free market" accounts for 10 per cent of total aluminium sales could well be true; in times of shortage the Aluminium Federation claim that it equals only 2 per cent of the total could equally well be true.

Contract

The Metal Exchange argues that its new futures contract is primarily concerned with giving substance, and publicly quoted prices to the existing "free market" in aluminium, outside the producers' control. It is also aimed to provide hedging facilities for anyone trading on the free market, or indeed in aluminium. A lot of pressure to start the contract came from aluminium scrap traders, for example. Although scrap aluminium will not normally be of sufficiently high quality to deliver against the contract, traders will be able to hedge against price fluctuations to a certain extent just as they do in copper.

At the same time the Metal Exchange is basically a residual market of last resort, either for buyers or sellers. In times of shortages buyers would look to the Exchange to make up for shortfalls in supplies from the established producers. One of the functions of the Metal Exchange is to operate the free market mechanism in full and attract any surplus supplies that might be available by raising prices sufficiently high.

Consumers, and producers, might well be tempted during times of shortage to "lend" supplies they do not require immediately to the market if the cash price premium is sufficiently high. They simply sell the aluminium for the high cash price and buy an equivalent amount back for delivery at a future date.

One problem with lending operations of this kind is that sales on the Metal Exchange are at sellers' option—in other words the seller can specify the warehouse where the metal is held and also the brand to be delivered. There is scope for switching, but the contract specification has delfiberately been fixed at the low quality grade of 99.5 per cent purity compared with the 99.7 per cent most widely traded. This is partly to widen the quantity of aluminium supplies that can be delivered on to the market, and also give opportunities for trading the fluctuating differentials between quality grades. The Achilles heel of the new Metal Exchange contract is whether the market will attract sufficient supplies to be able to operate effectively.

The fear is that if the market is starved of supplies, as threatened by the producers, then prices will be artificially distorted and it will not be able to provide proper hedging facilities or act as a realistic pricing medium.

Danger

The Exchange is well aware of this danger, which is why there was so much delay in launching the new contract. But it is argued that unless a real scarcity of supplies develops the market should be able to attract a reasonable proportion of the present "free market" aluminium traded, particularly from the Communist bloc countries who no longer co-operate directly with Western world producers in pricing arrangements. In future too the Exchange sees itself providing the same kind of service as it does with copper in attracting financial support from banks and speculators to help finance the cost of carrying any heavy surplus stocks that might develop.

It is claimed that aluminium producers, during the period recently when they were having to carry huge surplus stocks, were more amenable to the idea of a futures market being started casting envious eyes on the financial support provided to the copper producers through the Exchange.

This useful role, played by speculators and other non-trade interests, is often forgotten it is claimed in the general attack on the Metal Exchange as a gambling den. Certainly there is on occasions too much speculative influence, but this is often because the trade does not play a sufficiently active role.

Fundamentally the Exchange would argue that the real price of any metal is not what it costs to produce, but what the consumer is prepared to pay. At the same time there are increasingly other important influences on raw material prices these days, apart from the cost of production. Changes in foreign exchange rates, inflation and possible future developments are all part of the mix put into arriving at a free market price.

The Exchange has been greatly encouraged by the trend in copper, where the U.S. producer price system has been undermined by the decision of Kennecott, the biggest producer, to abandon a producer price and base its prices on the New York copper exchange "free market" quotations.

Linked

Although aluminium producers are more closely linked, and integrated, with the fabricating industry, it is felt they too will have increasing difficulty in maintaining a producer price system. The entry of new aluminium producers, in the Far East for example, outside the established Western world "club" may be one destabilising influence. And a further threat to the producer price system must result from the present EEC anti-cartel investigation that might well be taken up by the U.S. authorities as well.

In these circumstances, the Exchange is confident that even though it may take some time to establish a viable market, eventually the new contract will play an increasingly important role.

John Edwards

Stockholding strengths

FOR THE first time in two or three years the fourth quarter looks as though it will resume its place as traditionally the best of the year. There are a number of demand pointers strongly suggesting this. But optimism is becoming harder to sustain with the prospect of industrial strife over the Government's pay policy. If events turn out to be as bad as some envisage they could knock the stockholding business off course. On the other hand, the underlying strength of the market displayed in the past few months may not be so severely affected as some pundits believe.

Views tend to equate with the status and size of the operator — the smaller independents noticeably more nervous than the front rankers. They are also influenced by the degree to which stockists are more widely involved in non-ferrous metals. Most handle copper and brass products which also are making something of a comeback under the stimulus of general engineering demand.

The biggest stockholders are also producers, so stockholding has a vertical structure in terms of tonnages handled. Two of the biggest, Alcan Metal Centres and British Aluminium Company (BACO) are thought to handle about a third of total turnover, estimated at around £110m-£115m. In receding order of market shares are Amari, RTZ (Rio Tinto Zinc) north and south, and Alcoa (Aluminium company of America). The independents, and European-based stockists like Almet Stockholders (Pechinet), Alustock (Norsk Hydro) and Sidal Service Centres (Belgian) are fighting over the remaining third or so of the market.

In tonnage terms the average consumption of sheet from UK sources is probably around 6,200 tons a month, and 2,600 tons of extrusions. Imports of sheet are running about 7,300 tons a month, with imports of extrusions just under 900 tons. Even the stockists find it hard to arrive at accurate figures and these have been rounded up. Even then it gives little indication of the volume of business done. A ton of foil, for instance, is a lot of foil, compared with a ton of extruded window frames.

One of the most noticeable changes in the structure of the business over the past few years has been the emergence of Continental-based stockists.

This is a logical progression since most of the imported aluminium is of European origin and seems to have filled up any gaps there may have been. At any rate no more newcomers are expected in the medium term—"It's tough enough going for those already in it" was one comment. Almost the only change recently has been the withdrawal of Reynolds Metals, the world's third largest aluminium producer, from BACO, in which it held 48 per cent. This has been largely a change in proprietorship than in deed or policy, since Reynolds has not taken an active management role for some time. All the same, it will give BACO more freedom to invest and to pursue a more aggressive policy if it wishes. This seems likely.

The year started better than most expected and heralded an end to destocking. The rundown has been a painful experience for all concerned. The accompaniment of falling prices and stock losses has tested the strongest nerves and the deepest pockets. The first quarter turnround was therefore extremely welcome. Since then business generally has been at higher levels with many stockists looking for a 5 to 7 per cent improvement over the full year compared with 1977.

The more cautious believe that the improvement has signified no more than a summer peak of demand, and are waiting for an analysis of September's re-ordering to come to firmer conclusions. Nevertheless, the Government stimulated home improvement schemes, the heavy advertising of aluminium replacement windows and double glazing (some producers have their own double glazing specialists), and small but distinct signs of a stirring in demand from the general engineering industries begin to add up to better times ahead. Prices, too, are tending to harden after a period in which aluminium prices tended to lag behind other metal price changes. Standard sheet is now being quoted at more than £900 a ton compared with a low of £870, and there is a wide expectation that prices will continue to float upwards.

This is in line with increases occurring on the Continent and elsewhere. At the peak of price attrition, competition from Greece, Turkey, Italy and elsewhere was formidable and it was often a case of limiting losses rather than of making profits. Since then their attention has turned to America, where demand has been strengthening.

If current uncertainties over the extent to which industry may be disrupted by labour reaction to incomes policy were removed the outlook for a resumption of the previous 5-6 per cent market expansion would be correspondingly brighter. The 3 per cent growth in the economy to which Mr. Healey, Chancellor of the Exchequer, referred in his report to the recent meeting of the World Bank and International Monetary Fund organisations is beginning to show through and unemployment is happily falling.

Other factors are at work as well in key sectors of aluminium's markets. Energy conservation measures have taken root and will increasingly flourish in the design and construction of vehicles, especially vans and trucks but also cars. This is an area of demand largely dependent on legislation, and the tougher it is the greater the demand for aluminium for components like engines and bodies, clutch housings and so forth. Without such legislation there can be no doubt that vehicle manufacturers would be using far greater amounts of steel, or iron, which are cheaper.

Transport (including aeroplanes and ships) is easily the biggest outlet for aluminium, and road transport an increasingly important segment. All the indications are that Government policies on energy conservation are likely to call for greater use of aluminium and its alloys. They can make a very positive contribution. The Environmental Protection Agency, which is responsible for supervising the conservation programme in America, has estimated that by the early 1980s it ought to be possible by the greater use of aluminium, to save up to 60 gallons of petrol over the life of an average car. In the UK a big effort is being put behind the development of electric vehicles. While it was once thought that cars would offer a suitable subject for conversion to battery-power, thinking has turned to vans and light trucks especially those which, like the Post Office, and National Carriers, have a lot of set urban routes. The greater use of aluminium alloy could undoubtedly significantly improve acceleration and range.

Advantages

While some of the extra demand appearing over the horizon will follow the pattern of being placed directly with customers, stockists will benefit. They have two substantial advantages over the mills, which used to do much of the business. Stockists are more flexible and have shorter lead times. And where cost of possession by a manufacturer can easily, at around £1,000 a ton, tie up more than £500,000 transferring this burden to the stockist is logical. Over the years stockists have been taking an increasing amount of the business available. Today it is believed that more than half the rolled products and extrusions pass through their hands, and about a third of wrought products.

Peter Cartwright

Recycling efforts

THE IMPORTANCE of recycled materials to the overall economics of the aluminium industry can be simply outlined. They account for nearly half the total consumption and the waste materials are converted into usable products at about 5 per cent of the cost of making virgin aluminium. In round figures of the 500,000 tonnes of aluminium going annually into manufactured products some 230,000 tonnes come from recycled materials.

This is thought to be a higher percentage than from most other European countries and is due to a well organised scrap merchanting system that provides some 70 per cent of all scrap for the secondary smelters. Nearly half of this is consumer scrap. Other substantial sources are the semi-fabricators, fabricators and founders some of which, because it is clean and of known composition, goes direct to the smelters, sited to serve the various regions. There the metal is re-sorted according to requirements, there being a number of different refining techniques related to differences in quality.

Yields vary widely, from 25 per cent to 95 per cent. Dirty or oxidised scrap, discarded food containers, bottle tops and other domestic waste not only provides poorer yields but also constitutes an actual or potential health hazard. Aluminium prefabs, washing machines and cigar containers, for instance, provide higher yields.

But while merchants do an essential key job, there is no doubt that a comprehensively organised collection of waste, perhaps based on schools, could prevent substantial tonnages from going to waste, though whether it would result in more energy being expended than that needed to produce virgin aluminium is debatable.

If kitchen foil, food containers, bottle tops and so on have to be washed before collection, cars used in getting it to a central point and other forms of energy used, the energy savings may be minimal, though favourite charities may benefit. Nevertheless, there appear to be some areas where a more intense effort could yield worthwhile results.

In America, for instance, there are more than 2,000 collection sites for aluminium cans. Last year $43m was paid to collectors at 17 cents a can. In the UK well over 7,000 tons of aluminium are used in cans and most of it is wasted. One drawback is that the proportion of all-aluminium cans is still so small—2 to 3 per cent—that except in exceptional circumstances it is not economically worth while to employ plant to recover them. There may be, for example, a case for it in Glasgow, where Metal Box has an aluminium can plant. And Alcoa also promised, at the opening of its Swansea rolling mill designed specifically to make material for cans and can ends, to initiate a recycling scheme.

There are other possibilities. Material Recovery is a joint venture by Metal Box, British Steel Corporation and Batchelor Robinson to recover and recycle used cans. "If any council will allow us to sort 100,000 tons of refuse a year, the sort of tonnage one can expect from a small town, we will put in a plant and provide the people to run it because we shall make money," I was told. The machinery, invented by Metal Box, has been in operation for a year and is now being offered to public authorities. On a throughput of 100,000 tons of dustbin waste it is expected to recover 6,000 tons of metal. The metal is steel or, if it is an aluminium ended can, a minute proportion of aluminium. All aluminium scrap will pass by the magnets designed to extract steel.

Magnets

However, magnets have been developed by Alcoa and others (Prof. Eric Laithwaite, of London University, is involved in this country) that repel aluminium (if that is not a contradiction in terms) and push it out from lighter waste, like paper. If such devices were put behind steel extraction plants at tips and incinerators there is no doubt that worthwhile tonnages of aluminium could be saved for further use. And because increasing quantities of aluminium are being used for domestic and industrial uses the project could become of growing value

First of all, however, it would seem to need more experiments than have so far been carried out to arrive at some conclusions as to the best way of going about it. It also, perhaps, needs a clearer distinction between recovery of waste in tonnage terms and in energy terms—which is going to be terribly difficult to reach firm conclusions on.

The three month scheme in Buckinghamshire which ended in mid-July has not yet been analysed in detail, but it seems evident that the sympathetic and whole-hearted co-operation of a smelting unit is one of the key factors. International Alloys, an Alcoa British company, and a leading secondary metals smelter at Aylesbury, has for a number of years been buying charity scrap—milk bottle tops, ring pulls from cans, and so on—for Guide Dogs for the Blind and Oxfam. In this exercise it collaborated with the Aluminium Federation and Buckinghamshire education authority to organise a special effort which had the encouragement of the national anti-waste programme. It was a pioneer scheme in which schoolchildren were asked to collect *clean* scrap and take it to school for later recycling. The schools were paid for the scrap they collected at the rate of £250 a ton, which conveniently breaks down into 25p a kilo or 10p a pound.

Peter Cartwright

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. Ltd. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Capital	35.8	38.1	-0.2	4.10
Abbey Income	42.8	45.5	-0.3	5.65
Abbey Inv. Tst. Fd.	38.3	40.8	+0.3	4.12
Abbey Gen. Tst.	48.3	51.5	+0.2	4.05
Equitas Prog. Tst.	70.4	74.2	+0.6	3.84

Allied Hambro Group♥ (a)(g)
Hambro Hse., Hutton, Brentwood, Essex. 01-588 2851 or Brentwood (0277) 211459.

Balanced Funds

Allied 1st	70.0	74.9	+0.6	5.40
Brit. Inds. Fund	67.9	72.6	+0.5	5.19
Grth. & Inc.	40.4	43.2	+0.4	4.86
Elect. & Ind. Dev.	36.7	39.2	+0.3	4.51
Allied Capital	72.9	78.0		4.36
Hambro Fund	113.3	121.2	+0.9	5.03
Hambro Acc. Fd.	128.2	137.2	+0.1	4.70

Income Funds

High Yield Fd.	75.0	80.3	+0.3	7.94
High Income	70.1	75.0	+0.6	6.60
A.H. Eq. Inc.	41.7	44.6	+0.2	6.72

International Funds

International	27.8	29.7	-0.2	2.29
Pacific Fund	48.3	51.7		1.93
Secs. of America	56.5	60.5	-0.8	1.90
U.S.A. Exempt	97.5	102.6	-0.5	1.46

Specialist Funds

Smaller Co.'s Fd.	42.4	44.3	+0.2	4.17
2nd Smlr. Co.'s Fd.	49.9	53.4	-0.2	4.45
Recovery Sits.	102.7	109.9	+0.9	4.68
Met. Min. & Cdty.	43.8	46.8	+0.2	4.89
Overseas Earnings	61.7	66.9	+0.4	4.39
Expt. Smlr. Co.'s	249.2	261.3	+1.3	4.59

Anderson Unit Trust Managers Ltd.
158 Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	53.9	58.1	-0.7	4.80

Ansbacher Unit Mgmt. Co. Ltd.
1 Noble St., EC2V 7JA. 01-623 6376.

Inc. Monthly Fund	175	185		9.20

Arbuthnot Securities Ltd. (a)(c)
37, Queen St. London EC4R 1BY. 01-236 5281

Extra Income Fd.	109.3	118.1	+0.3	10.56
High Inc. Fund	42.9	46.2	-0.2	8.80
(Accum. Units)	59.8	64.3	+0.3	8.80
[illegible]	57.2	61.6		8.00
Preference Fund	24.6	26.5	+0.1	12.40
(Accum. Units)	38.1	41.0		12.40
Capital Fund	21.0	22.6		
Commodity Fund	64.9	69.8	+0.2	4.69
(Accum. Units)	93.3	100.4	+0.3	4.69
(10% Wdrwl. U.)	56.8	61.1	+0.2	4.69
Fin. & Prop. Fd.	18.1	19.5	+0.2	2.06
[illegible]	40.7	43.8	+0.3	2.53

Framlington Unit Mgt. Ltd. (a)
5-7, Ireland Yard, EC4B 5DH. 01-248 6971

American	52.4	55.6		1.24
Capital Tst.	139.2	148.0		3.27
Income Tst.	116.2	123.6		6.25
Int. Growth Fd.	126.0	134.0		2.07
Do. Accum.	130.0	138.2		2.07

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. (0306) 5055

Friends Prov. Uts.	46.4	49.6	+0.3	3.87
Do. Accum.	60.0	64.1	+0.5	3.87

G.T. Unit Managers Ltd.♥
16, Finsbury Circus EC2M 7DJ. 01-628 8131

G.T. Cap. Inc.	91.7	97.5	+0.8	3.40
Do. Acc.	111.0	118.0	+0.9	3.40
G.T. Inc. Fd. Un.	173.7	184.7	+1.5	8.10
G.T. U.S. & Gen.	143.1	152.2	+0.5	2.20
G.T. Japan & Gen.	93.3	98.2	-0.6	0.80
G.T. Pens. Ex. Fd.	145.7	152.9	+2.7	3.60
G.T. Int'l. Fund	161.6	171.9	-1.5	1.70
G.T. Four Yds. Fd.	58.9	62.6	+0.2	7.00

G. & A. Trust (a)(g)
5, Rayleigh Rd., Brentwood. (0277) 227300

G. & A.	35.1	37.5	+0.1	4.42

Gartmore Fund Managers ♥ (a)(g)
2 St. Mary Axe, EC3A 8BP. 01-283 3531

(g)American Tst.	29.5	31.7	+0.3	0.10
British Tst. (Acc.)	61.0	65.6	+0.2	3.27
Commodity Share	165.8	178.3	-0.2	3.41
Extra Income Tst.	26.0	28.0	+0.1	8.30
(g)Far East Trust	39.7	42.7	-0.3	0.50
High Income Tst.	62.2	66.9	+0.2	8.41
Income Fund	79.7	85.7	-0.4	6.55
Ins. Agencies	14.57	15.61	+0.14	3.31
Intl. Exempt Fd.	90.6	98.2	+0.5	5.23
(g)Intl. Tst. (Acc.)	34.8	37.4		0.89

Gibbs (Antony) Unit Tst. Mgs. Ltd.
3 Frederick's Pl., Old Jewry, EC2. 01-588 4111

(a)A.G. Income*	44.0	47.3		8.1
(a)A.G. Growth††	41.4	44.5	+0.8	4.70
(a)A.G. Far East*	26.1	28.1		0.5

Dealing: *Tues. ††Wed.

Govett (John)♥
77, London Wall, E.C.2. 01-588 5620

Shldr. Oct. 6	144.8	152.6		1.88
Do. Accum. Unit	174.1	183.5		1.88

Next dealing day Oct. 20.

Grieveson Management Co. Ltd.
59 Gresham St., EC2P 2DS. 01-606 4433

Barrington Oct. 4.	219.9	230.3		4.56
(Accum. Units)	[illegible]	[illegible]		4.56

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster Oct. 2	38.5	40.5		5.50
Exempt Oct. 2	100.5	104.5		5.35

MLA Unit Trust Mgemnt. Ltd.
Old Queen Street, SW1H 9JG. 01-930 7333.

MLA Units	47.8	50.3	+0.5	3.58

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	83.4	88.7		2.91

Dealing day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	52.9	56.5	+0.6	6.19
Mutual Inc. Tst.	73.5	78.7	+0.6	6.86
Mutual Blue Chip	44.7	48.2	+0.5	6.50
Mutual High Yld.	61.0	65.6	+0.5	8.25

National and Commercial
31, St. Andrew Square, Edinburgh 031-556 9151

Income Oct. 4	163.2	169.2		5.58
(Accum. Units)	223.6	231.8		5.58
Capt. Oct. 4	132.0	136.8		3.84
(Accum. Units)	161.6	167.6		3.84

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth. Un. Tst.	47.2	50.3		4.60
(Accum. Units)*	57.7	61.4		4.60
NPI O'seas Trust	133.7	141.5		2.25
(Accum. Units)**	143.6	152.0		2.25

**Prices on Sept. 28. Next dealing Oct. 26.
*Prices on Oct. 4. Next dealing Oct. 18.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060.

Capital (Accum.)	68.6	73.7	+0.6	4.13
Extra Inc.	70.9	76.2	+0.4	7.42
Financial	34.9	37.5	+0.2	5.38
Growth Inv.	90.2	96.9	+0.7	5.37
Income	37.9	40.7	+0.3	6.31
Portfolio Inv. Fd.	75.0	78.5	+0.3	5.29
Universal Fd. (d)	58.5	62.8	+0.6	2.21

NEL Trust Managers Ltd.♥ (a)(g)
Milton Court, Dorking, Surrey. 5911

Nelstar	63.9	67.2	+0.5	4.57
Nelstar High Inc.	51.5	54.2	+0.2	7.56

Norwich Union Insurance Group (b)
P.O. Box 4, Norwich, NR1 3NG. 0603 22200

Group Tst. Fd.	377.9	397.8	+1.8	4.86

Pearl Trust Managers Ltd. (a)(g)(z)
252 High Holborn, WC1V 7EB. 01-405 8441

Pearl Growth Fd.	25.3	27.3	+0.1	4.62
Accum. Units	30.1	32.4	+0.2	4.62
Pearl Inc.	33.8	36.4	+0.2	6.83

Provincial Life Inv. Co. Ltd.♥
222, Bishopsgate, E.C.2. 01-247 6533

Prolific Units	91.0	97.5	+0.9	3.06
High Income	127.4	136.5	+1.0	7.04

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	134.0	142.5	+1.0	4.44

Quilter Management Co. Ltd.♥
The Stk. Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	111.2	115.9		4.09
Quadrant Income	134.7	138.9		7.60

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	73.0	78.0	+2.5	4.94
Sekforde T. Acc.	46.5	49.7		4.85
Sekforde T. Inc.	44.4	47.5	-0.1	4.85

Ridgefield Management Ltd.
38-40 Kennedy St., Manchester. 061 236 8521

Ridgefield Int. UT	101.0	108.0		2.63
Ridgefield Income	97	104.0		9.04

Rothschild Asset Management (g)
72-80 Gatehouse Rd., Aylesbury. 0296 5941

N.C. Equity Fund	175.7	186.9	+1.8	3.22
N.C. Engy. Res. Tst.	116.4	123.8	+1.6	2.43
N.C. Income Fund	157.0	167.0	+0.9	6.77
N.C. Intl. Fd. (Inc.)	90.2	95.9	+1.4	1.53
N.C. Intl. Fd. (Acc.)	91.3	97.1	+1.4	1.43
N.C. Smllr. Coys Fd.	161.4	171.8	+1.0	4.59

Rothschild & Lowndes Mgmt. (a)
St. Swithins Lane, Ldn., EC4. 01-626 4356

New Ct. Exempt	£133.0	141.0		3.45

Prices on September 15. Next dealing October 16.

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

American Oct. 5	70.0	73.0		1.12
Securities Oct. 10	181.0	191.0	+4.0	3.91
High Yld. Oct. 6	58.2	61.2		7.45
(Accum. Units)	82.1	86.3		7.45
Merlin Oct. 4	85.7	90.3		3.34
(Accum. Units)	105.9	111.5		3.34

Royal Tst. Can. Fd. Mgrs. Ltd.
54, Jermyn Street, S.W.1. 01-629 8252

Capital Fd.	69.4	73.2		3.56
Income Fd.	71.5	75.5		7.45

Prices at Sept. 29. Next dealing Oct. 13.

Save & Prosper Group
4, Great St. Helens, London EC3P 3EP
68-73 Queen St., Edinburgh EH2 4NX
Dealings to: 01-554 8899 or 031-226 7351

Save & Prosper continued

Scotbits Securities Ltd.♥

Scotbits	38.9	41.8	+0.2	3.93
Scotyield	55.0	59.2	+0.2	6.85
Scotshares	60.8	65.3	+2.3	4.37
Scot. Ex. Gth.*♦	264.0	276.5		2.13
Scot. Ex. Yld.*♦	181.1	189.7		7.04

*Prices at Sept. 27. Next sub. day Oct. 11.

Schlesinger Trust Mngrs. Ltd. (a)(z)
140, South Street, Dorking. (0306) 86441

Am. Exempt	22.4	24.1	+0.1	3.13
Am. Growth	21.0	22.3	+0.2	2.01
Exempt High Yld.	28.4	29.9	-0.1	7.29
Exempt Mkt. Ldrs.	27.6	29.1	+0.1	4.03
Extra Inc. Tst.	30.8	32.5	-0.1	8.96
Income Dist.	42.9	46.1	-0.3	9.06
Inc. 10% Wdrwl.	32.5	34.9	-0.1	
Intnl. Growth	51.6	55.7	+0.3	2.97
Inv. Tst. Units	27.6	29.7	-0.1	3.98
Market Leaders	30.9	33.6		4.22
Nil Yield	29.5	31.7	+0.2	
Pref. & Gilt Trust	22.6	24.1		12.39
Property Shares	29.3	31.5	-0.2	2.00
Special Sit. Tst.	32.4	34.9	-0.3	2.13
U.K. Grth. Accum.	23.5	25.3	-0.3	4.76
U.K. Grth. Dist.	20.7	22.3	-0.2	4.76

J. Henry Schroder Wagg & Co. Ltd.♥
120, Cheapside, E.C.2. 01-248 3434

Capital Oct. 3	104.7	113.6		2.33
(Accum.)	128.8	137.6		2.33
Income Oct. 10	206.0	213.5	+6.7	6.71
(Accum. Units)	306.1	317.2	+10.2	6.71
General Oct. 4	90.3	94.5		3.51
(Accum. Units)	112.3	117.6		3.51
Europe Oct. 5	34.1	36.2		2.85
(Accum. Units)	38.0	40.4		2.85
*Pn.& Cha. Fd. Sep. 26	183.6	186.1		4.12
*Spec. Ex. Oct. 10	286.4	295.2	-0.6	3.44
*Recovery Sept. 12	215.2	221.8		3.89

*For tax exempt funds only

Scottish Equitable Fnd. Mgrs. Ltd.♥
28 St. Andrews Sq., Edinburgh. 031-556 9101

Income Units	52.5	55.8	-1.1	4.90
Accum. Units	61.0	64.9	+1.4	4.90

Dealing day Wednesday.

Sebag Unit Tst. Managers Ltd.♥ (a)
PO Box 511, Bcklbry. Hse., E.C.4. 01-236 5000

Sebag Capital Fd.	35.9	37.6	-0.5	3.89
Sebag Income Fd.	32.7	34.2	+0.4	8.01

Security Selection Ltd.
15-19, Lincoln's Inn Fields, WC2. 01-831 6936-9

Unvl. Gth. Tst. Acc.	24.9	26.5		2.23
Unvl. Gth. Tst. Inc.	21.7	23.1		2.23

Stewart Unit Tst. Managers Ltd. (a)
45, Charlotte Sq., Edinburgh. 031-226 3271

Stewart American Fund

Target Tst. Mgrs. (Scotland) (a)(b)
19, Athol Crescent, Edin. 3. 031-229 8621/2

Target Amer. Eagle	27.9	30.0	+0.3	1.72
Target Thistle	43.0	46.2	-0.2	5.31
Extra Income Fd.	60.5	65.1	+0.2	9.89

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

TULT Oct. 2	51.2	54.5		5.26

Transatlantic and Gen. Secs. Co.♥
91-99 New London Rd. Chelmsford 0245 51651

Barbican Oct. 5	79.2	84.2		5.33
(Accum. Units)	122.7	130.6		5.33
Barb. Expt. Sept. 27	90.9	95.6		3.99
Buckm. Oct. 5	84.6	88.6		4.23
(Accum. Units)	104.8	109.6		4.23
Colemco Oct. 6	132.7	139.7		5.30
(Accum. Units)	163.7	172.4		5.30
Cumbld. Oct. 4	54.2	57.4		7.33
(Accum. Units)	59.3	62.9		7.33
Glen. Oct. 10	57.5	61.6	-0.9	4.20
(Accum. Units)	72.9	78.5	-1.2	4.20
Marlboro Oct. 10	53.4	56.0	+0.7	2.71
(Accum. Units)	61.5	64.5	-0.9	2.71
Van. Gwth. Oct. 10	52.2	55.0	+1.2	3.40
(Accum. Units)	65.0	68.3	-1.4	3.40
Van. H'y. Oct. 10	75.2	79.1	+1.4	7.89
Vang. Tec. Oct. 4	45.7	48.2		6.10
(Accum. Units)	47.7	50.3		6.10
Wick. Oct. 5	63.1	66.8		4.69
(Accum. Units)	75.8	80.3		4.69
Wick. Dv. Oct. 6	71.3	75.7		7.87
Do. Accum.	81.4	86.7		7.87

Tyndall Managers Ltd.♥
18, Canynge Road, Bristol. 0272 32241

Income Oct. 4	103.2	108.4		8.10
(Accum. Units)	190.8	200.4		8.10
Capital Oct. 4	132.8	139.6		4.16
(Accum. Units)	187.8	197.2		4.16
Exempt Oct. 4	113.4	119.2		7.82
(Accum. Units)	160.8	169.0		7.82
Int. Earn. Oct. 4	250.6	263.2		5.02
(Accum. Units)	284.6	299.0		5.02
Pref. Oct. 4	102.8	109.0		12.20
(Accum. Units)	130.0	137.8		12.20

24, Castle St., Edinburgh. 031-225 1168

Scot. Inc. Oct. 4	169.0	177.6		8.97
Scot. Cap. Oct. 4	142.8	150.0		5.39
(Accum. Units)	173.0	181.8		5.39

London Wall Group 0272 32241

Capital Growth	86.5	92.8	+0.4	5.65
Do. Accum.	90.7	97.0	+0.3	5.65
Extra Inc. Growth	41.8	44.9	-0.2	9.16
Do. Accum.	48.7	52.3	-0.2	9.16
Financial Prty.	16.8	17.9	+0.1	4.58
Do. Accum.	20.8	22.2	+0.1	4.58
High Inc. Priority	68.7	73.8	-0.2	7.51

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	71.1	76.4		3.81

For Equitas Securities Ltd. see Abbey Unit Trust Mngrs.

Equity & Law Un. Tr. M.♥ (a)(b)(c)(z)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	70.2	73.8	+0.4	4.06

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l.	24.6	26.8		2.23
Accum. Units	29.3	31.5		2.23
J. Finlay Income	34.8	37.8		8.14
J. Finlay Euro. Fin.	28.0	30.5		2.06
Accum. Units	32.8	35.5		2.06
J. Finlay Fd. In. Tst.	29.2	31.7		4.01
Accum. Units	33.7	36.4		4.01

Prices Oct. 4. Next dealing Oct. 11.

Merc. Int. Oct. 11	[illegible]	78.2	+0.5	2.73
Acc. Uts. Oct. 11	77.3	82.2	+0.6	2.73
Merc. Ext. Sept. 28	246.4	256.7		4.13
Accm. Uts. Sept. 28	298.7	311.1		4.13

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	73.1	78.6	+0.2	4.97
Do. Accum.	84.2	90.6	+0.3	4.97
Growth	37.7	40.5	+0.3	2.82
Do. Accum.	40.4	43.4	+0.3	2.82
Capital	28.4	30.5	+0.2	3.12
Do. Accum.	31.0	33.3	+0.2	3.12
Income	54.5	58.6	+0.3	6.39
Do. Accum.	63.6	68.4	+0.4	6.39
International	46.6	50.4	+0.5	2.33
Do. Accum.	49.8	53.7	+0.6	2.33
High Yield	64.7	69.6	+0.5	8.11
Do. Accum.	70.7	76.0	+0.6	8.11
Equity Exempt*	104.7	110.5		5.63
Do. Accum.*	104.7	110.5		5.63

*Prices at Sept. 29. Next dealing Oct. 31.

CORAL INDEX: Close 508-513

INSURANCE BASE RATES

†Property Growth 10¼%
†Vanbrugh Guaranteed 9.75%
†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund	$US7.30		—

Net asset value October 4.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1, Charing Cross, St. Helier, Jsy. C.I. 0534-73741

AHR Gilt Edg. Fd.	£10.05	10.06		12.01

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 72177

Cap. Tst. (Jersey)	117.0	121.0	-1.0	4.13

Next dealing date October 24

Gov't Secs. Tst.	99	101		12.00

Next dealing date October 16.

East & Intl. Tst. (C.I.)	115	122		3.07

Next dealing date October 12.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127, Kent St., Sydney.

US$1 Shares	$US1.58		—

Net asset value October 6.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	$US115.27	115.85		7.34

Prices at Oct. 5. Next sub. date Oct. 11.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund LF	1,931	1,991		7.71

Barclays Unicorn Int. (Ch. Is.) Ltd.
1, Charing Cross, St. Helier, Jrsy. 0534 73741

Overseas Income	47.0	49.5		12.00
Unidollar Trust	$US1.63	[illegible]		1.8
Unibond Trust	$US102.07	102.81	+0.29	8.00

Barclays Unicorn Int. (I. O. Man) Ltd.
1 Thomas St., Douglas, I.o.M. 0624 4856

Unicorn Aust. Ext.	54.1	58.2		1.50
Do. Aust. Min.	36.2	39.0	-0.4	1.50
Do. Grtr. Pacific	69.7	75.0		8.30
Do. Intl. Income	39.4	42.4		8.3
Do. I. of Man Tst.	45.9	49.4		8.9
Do. Manx Mutual	26.2	28.2		1.40

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC *Oct. 2	$US26.32	30.12 +0.50	—
CANRHO **Oct. 2	£1.092	1.158 +0.20	—

Keyselex Mngt., Jersey Ltd.
PO Box 98, St. Helier, Jersey. (Eng. 01-606 7070)

Fonselex	Fr.1,373	1,506		3.0
Bondselex	Fr.11.90	[illegible]		—
Keyselex Japan	£14.66			—
Cent. Assets Cap.	£136.98	137.02	+0.07	—

King & Shaxson Mgrs.
1 Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	8.85	8.87	+0.01	12.00
Gilt Trust (I.o.M.)	103.7	106.4	+0.2	12.00
Gilt Fnd. Guernsey	9.22	9.24		12.00

Intl. Govt. Secs. Tst.

First Sterling	£17.92	18.05	-0.11	—
First Intl.	$US[illegible]	[illegible]		—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest. Lux. F.	1,183			2.95
Guernsey Inc.	69.0	73.4		4.18
Do. Accum.	85.1	90.6		4.18
KB Far East Fd.	$US14.32			[illegible]
KB Intl. Fund	$US12.35			[illegible]
KB Japan Fund	$US41.92			[illegible]
K.B. U.S. Gwth. Fd.	$US12.04			0.69
Signet Bermuda	$US5.25			[illegible]
*Unifonds (DM)	20.10	21.20	+0.10	8.02

*KB act as London paying agents only.

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas	63.1	66.4		0.67

Next dealing date October 16

Lloyds Bank International Geneva.
1, Place Bel Air, P.O. Box 438, 1211 Geneva 11.

Lloyds Int. Growth	SF[illegible]	[illegible]		1.60
Lloyds Int. Income	SF295.0	305.50		6.50

M & G Group
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588

Atlantic Oct. 10	$US3.29	3.54	+0.07	—
Aust. Ex. Oct. 4	$US2.61	2.99		—
Gld. Ex. Acc. Oct. 4	$US[illegible]	[illegible]		—
Island	136.0	146.3	+0.5	13.13
(Accum. Units)	195.0	210.8	+0.7	13.13

Samuel Montagu Ldn. Agts.
114, Old Broad St., E.C.2. 01-588 6464

Apollo Fd. Sept. 29	SF44.80	48.63		3.93
Japfest Sept. 29	HK$[illegible]	15.13		0.75

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extrnl. Tst.	197.0	209.0		

As at August 31. Next sub. day Sept. 29.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$353.70		2.00
Jardine J'pn. Fd.*	HK$412.61		0.60
Jardine S.E.A.	$US19.74		1.80
Jardine Flem. Int.	HK$12.48		—
Intl. Pac. Secs. (Inc.)	HK$14.75		—
Do. (Accum.)	HK$14.90		—

NAV Sept. 30. *Equivalent $US87.21. Next sub. Oct. 13.

Mercury Fund	$US7.58			—
Merc. Ebd. Oct. 4	$US10.46	10.57		0.2875
Merc. Mny. Mkt. Oct. 10	£10.03	10.05		—

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI. 0534 73741

CMF Ltd. Sept. 28	$US13.90	14.23		—
CMT Ltd. Sept. 28	£14.39	14.76		—
Metals Tst. Sept. 21	£12.38	12.68		—
TMT Sept. 14	$US11.38	11.78		—
TMT Ltd. Sept. 14	£11.39	11.69		—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg.

Worldwide Gth. Fd.	$US16.78	+0.02	—

NOTES

Prices do not include $ premium except where indicated ♦ and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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Five to Fifteen Years

Over Fifteen Years

Undated

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CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	1978 Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
24	17	Antofagasta Rly	24	......	—	—
41	33	Do 5pc Pref	41	......	—	—
98	98	Chilean Mixed	98	......	—	13.09
415	350	German Yng 4½pc	411	......	4½	—
54	46	Greek 7pc Ass	52	......	3½	16.94
51	46	Do 6pc 28 Stab. Ass	50	......	6	16.07
44	40	Do 4pc Mixed Ass	42	......	4	14.83

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 37¼% (based on US$1.9827 per £)
Conversion factor 0.7234 (0.7247)

CANADIANS

S.E. List Premium 37¼% (based on $2.3408 per £)

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CHEMICALS, PLASTICS—Cont.

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ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

1978 High	Low	Stock	Price	+ or —	Div Net	Cvr	Y'ld Gr's	P/E
177	119½	Holt Lloyd Int. 10p	176	+2	†7.11	2.0	6.2	12.5
390	272	Hoover 'A'	292	......	15.04	2.0	7.7	9.9
180	122	Hopkins & H 20p	170xd	......	†5.25	2.0	4.6	16.0
38¾	25	Howard Tenens	33	......	1.91	1.9	8.7	7.6
378	183	Hunting Assoc.	375	......	2.99	9.2	1.2	13.8
187	82	Huntleigh 10p	180	+2	†2.39	7.0	2.0	11.0
118	49	Hutch Whamp. HK$2½	91	......	Q20c	φ	2.6	φ
57	27¾	Hyman (I. & J.) 5p	57	+½	†1.93	3.9	5.0	7.8
£24⅞	£14½	I.C. Industries $1	£19¾	−¼	Q$1.52	—	3.9	—
487	206	I.C.I. £1	487	+17	†7.53	5.4	2.3	8.1
398	308	Imp. Cont. Gas £1	383	+3	g9.96	3.3	3.9	9.0
33	22	Ingall Inds. 10p	31	......	1.87	φ	9.5	φ
*95	61	Initial Services	95	+1	†5.06	2.6	7.9	7.4
18	8	Inter-City 20p	18	+1	†0.61	2.7	5.2	10.7
53	39	James (John)	52½	......	d2.76	2.8	7.9	5.1
15¼	9½	James M. Inds. 20p	13¾	+½	d1.02	φ	11.0	φ
307	149	Jardine M. SHK$5	254	+2	Q67c	2.2	3.1	14.2
32½	23½	Jentique	31	......	2.22	φ	11.2	φ
*12½	10	Johnson & Barnes	10	......	—	—	—	—
112	76½	Johnson Clngs.	106	+1	†3.95	4.0	5.6	4.9
480	375	Johnson Mthy. £1	472	......	13.83	3.6	4.4	9.1
45	32	Jourdan (T.) 10p	42	......	†2.93	2.7	10.4	4.6
36	28	Kalamazoo 10p	34	......	†1.98	1.8	8.7	9.7
118	88	Kelsey Inds.	102	......	3.28	6.6	4.8	4.8
47	23	Kennedy Sm. 10p	39	......	1.61	φ	6.2	φ
£10¾	900	Kershaw (A.) 5p	£10⅞	......	†16.14	2.0	2.3	26.5
72½	62	Klean E-ze Hlds.	72	......	†4.33	1.9	9.0	8.7
101	76	L.C.P. Hlds.	94	......	4.86	2.9	7.7	6.4
43	32	L.K. Ind'l Invs.	40	......	†d2.64	3.0	10.2	5.7
43	34	L.R.C. Int. 10p	37	+½	2.23	1.6	9.1	9.2
74	53	Laster	74	......	2.95	4.8	6.0	5.2
164	128	Lead Inds. 50p	158	......	†7.48	3.3	7.2	6.3
130	99	Leadenhall Sterling	130	......	†4.15	4.4	4.8	6.9
49	38	Le Bas (Ed.)	41	......	†1.85	4.4	6.7	5.0
56	45	Lehigh Fobel 10p	46	......	1.79	3.6	5.8	6.0
70	36	Lebus Harris	48	......	3.32	2.9	10.3	(3.9)
		For Leigh Ints. see Chemicals						
116	76	Leisure Car. 10p	114	......	h3.25	2.3	4.2	14.9
255	235	Lep Group 10p	247	......	3.46	8.6	2.1	7.1
97	57	Lesney Prods. 5p	90	−2	†d2.94	3.8	4.9	6.2
168	98	Letraset 10p	151	......	5.4	3.0	5.3	9.2
24½	15	Liden 10p	20	......	—	—	—	—
69	32	Lindsay & Wms.	66	......	3.05	3.7	6.9	4.9

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

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CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
219	155	Falcon Rh. 50c	170	......	Q60c	φ	21.4
24	15	Rhod'n Corp. 16½p	17	......	0.57	7.1	5.0
90	52	Roan Cons. K4	75	+3	—	—	—
41	32	Wankie Col. Rh.1	35	......	Q9c	φ	16.5
17½	10	Zam Cpr SBD0.24	16	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	10	−1	—	—	—
140	64	Bougainville 50 Toea	127	......	†Q8c	1.4	4.0
131	63	BH South 50c	114	−1	—	—	—
920	150	Central Pacific	475	......	—	—	—
335	142	Conzinc Riotinto 50c	296	−4	†Q10c	2.2	‡
27	9½	Endeavour 20c	23	−2	—	—	—
72	45	G.M. Kalgoorlie $1	64	−2	—	—	—
63	18	Hampton Gold N.L.	50	......	—	—	—
140	81	Hampton Areas 5p	126	−2	t3.55	2.0	4.2
40	10	Metals Ex. 50c	35	−½	—	—	—
223	125	M.I.M. Hldgs. 50c	203xr	+2	Q9c	1.7	2.7

TINS

COPPER

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
68	35	Barymin	56	......	—	—	—
17	9	Burma Mines 17½p	13	......	—	—	—
300	215	Cons. Murch. 10c	240	+5	†Q30c	2.6	‡
465	245	Northgate C$1	420	......	—	—	—
258	164	R.T.Z.	256	+2	9.5	2.8	5.6
90	30	Sabina Inds. C$1	56	......	—	—	—
£12	750	Tara Exp'n. $1	975	......	—	—	—
75	43	Tehidy Minerals 10p	75	......	φ1.35	φ	2.7
135	120	Yukon Cons. C$1	150	......	Q7c	2.9	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ☆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ▽ Excluding a final dividend declaration.
- ✧ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 27

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	+1
Ash Spinning	49	......
Bertam	18	......
Bdg'wtr. Est. 50p	330	......
Clover Croft	26	......
Craig & Rose £1	520	......
Dyson (R. A.) A	37	......
Ellis & McHdy	67	......
Evered	27	......
Fife Forge	52	......
Finlay Pkg. 5p	21	+1
Graig Ship. £1	148	+3
Higsons Brew.	80	......
I.O.M. Stm. £1	167	......
Holt (Jos.) 25p	258	......
N'thn. Goldsmith	67	......
Pearce (C. H.)	190	......
Peel Mills	21	......
Sheffield Brick	56	......
Sheff. Refrshmt.	63	......
Sindall (Wm.)	107	+2

IRISH

Conv. 9% '80/82	£90⅞	......
Alliance Gas	68	......
Arnott	360	−10
Carroll (P.J.)	95	−5
Clondalkin	75	+2
Concrete Prods.	130	......
Heiton (Hldgs.)	49	......
Ins. Corp.	180	......
Irish Ropes	105	−5
Jacob	63	......
Sunbeam	31	+1
T.M.G.	195xd	+1
Unidare	85	......

OPTIONS

3-month Call Rates

Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr.	10
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5
Property	
Brit. Land	3¼
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E.P.	5
Intereuropean	4
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MEPC	12
Peachey	8
Samuel Props.	9
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Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20
Mines	
Charter Cons.	12
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A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday October 11 1978

Money supply starts to climb again

BY MICHAEL BLANDEN

THE MONEY supply resumed its upward trend last month after the sharp decline in August, according to the latest banking figures published yesterday.

The figures indicated a renewed though modest increase in the eligible liabilities of the banking system, the main deposit funds, which are an important constituent of the sterling money stock on the wider definition (M3).

They also suggested that after substantial rises in earlier months, the demand for bank loans slackened during the September banking period.

As a result of the relatively slow underlying growth, the banks remained well within their ceilings under the official corset controls.

The Bank of England's figures for the banking system as a whole showed that eligible liabilities rose by about 0.27 per cent to £43.52bn during the five-week period to mid-September. This followed the record drop of 3.6 per cent in August.

The indications are, however, thatt he growth in sterling M3—thet figures will be published next week—may be rather greater than the increase in eligible liabilities. This will bring it closer to the official target levels for the current financial year.

After a fall of 1 per cent in banking August, sterling M3 had increased during the first four months of the year at an annual rate of only just over 3½ per cent, well below the target range of 8-12 per cent.

Last month's figures may have been influenced by further movements of funds between the banks and the money market, which have the effect of holding down eligible liabilities but not money supply.

The money stock may also have been boosted by the relatively high level of Government borrowing, and will be subject to a small upward seasonal adjustment.

The London clearing banks reported that their sterling advances to the UK private sector fell by £157m during the period. The fall was largely in borrowing by manufacturing industries.

It was in line with the seasonal expectation, and therefore suggested that there was little or no further underlying growth during the month.

This appeared to confirm the slowdown reported in August. The banks, however, suggested that the figures might understate the underlying trend because with relatively low rates ruling in the money markets during the period, larger customers continued to switch their borrowing away from overdraft finance.

The clearing banks reported a £391m rise in sterling deposits of the UK private sector, which, after allowing for an expected seasonal fall, suggested a rather higher underlying increase.

This increase was difficult to reconcile with the fall in eligible liabilities, and may indicate that there were other factors at work which could also influence the money stock.

The banking system as a whole recorded a decline in its interest-bearing eligible liabilities, the key to the corset controls, by £120m to £28.15bn.

As a result, the banks remained well within the growth limits under the corset. September was the second of three months which count towards the average on which any penalties under the corset will be imposed.

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Profit squeeze, capital spending hit companies

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE FINANCIAL POSITION of industry deteriorated significantly in the summer to its worst level for four years as a result of a squeeze on profits and higher capital spending.

Accounts of industrial and commercial companies, published yesterday by the Central Statistical Office, indicate a financial deficit of £1.41bn in the three months to the end of September, against £545m in the previous quarter. This is by far the highest quarterly deficit since the corporate liquidity squeeze of early 1974.

Indicator

The company sector's financial balance is the undistributed income left after allowing for taxes, dividends, increase in value and volume of stocks of goods and materials, and fixed capital spending.

This is widely regarded as an indicator of the financial health of companies; a deficit shows the amount companies have to raise externally, normally by bank borrowings.

The financial balance would normally be expected to deteriorate when economic activity and investment are rising, but the extent of this year's rise in the deficit has been surprising.

In the first half of this year industrial and commercial companies had a financial deficit of £1.95bn, on a seasonally-adjusted basis, compared with £666m in the previous half-year.

This principally reflected an increase of nearly £800m in expenditure on fixed capital and of an additional £500m for stockbuilding, with little change in gross profits.

The decline in profits became clearly apparent in the second quarter. After allowing for the increase in value of stocks, gross trading profits of industrial and commercial companies fell by 13.5 per cent to £3.22bn from the first to the second quarters.

But there was a decline of 16.5 per cent after excluding profits from North Sea oil and gas activities, which account for about a sixth of the total.

On a six-month comparison, North Sea profits, net of stock appreciation, were more than 20 per cent higher, while other profits were 3¼ per cent lower. This may reflect intense competition in some markets and the effects of the rise in sterling.

The prospects for company-sector finances remain unclear, though the slowdown in growth in bank lending in the last two months after the sharp increase earlier in the summer suggests that there may not have been a further deterioration in the third quarter.

Stock values

Although capital investment is likely to have risen further, there is unlikely to have been a rise in stock values or volume on the scale of the first half.

The CBI noted before the latest figure that "with a poor outlook for profits" the "unsatisfactory" financial position of companies could be expected to continue.

Development in internally-generated funds available for distribution, capital expenditure or stockbuilding are best indicated by changes in total disposable income. There was a fall of about £200m to £5.93bn between the second half of 1977 and the first half of this year.

THE LEX COLUMN

Preference scrips —end of the fun

The only surprise about the Treasury's clamp down on the use of preference scrip issues as a way around dividend controls is that it did not come earlier. Desoutter Brothers started the ball rolling 18 months ago with a scheme that was primarily devised to enable major shareholders to realise capital from the business without diluting their voting control. They were as surprised as anyone else to find that the Treasury did not set the dividend received on the preference scrip off against the payment on the ordinary when calculating the permitted dividend increase.

Since then the use of this device has become increasingly blatant, culminating at the end of last month with an issue from Campari which gave shareholders a once for all boost of 65 per cent in annual cash income. It is fair to assume that this was the one that finally stirred the Treasury into action.

Scrips which have already been declared though not yet issued will pass through the net, although the mere announcement of an intention will not be enough. The issue of stock for cash at a deep discount will also be caught by the new order, though the Treasury will be prepared to approve what it regards as a genuine discount for capital raising purposes.

So the preference share market, after its brief glimpse of excitement, may now sink back into obscurity. It is hard to see the institutions allowing controlling shareholders to take out capital in the form of preference stock if that is going to damage dividend prospects on the ordinary.

However, most of the likely candidates have already had plenty of time to get through the loophole. And yesterday's order does not mark a tougher attitude by the authorities, who already have quite enough on their plate in working out the new dividend cover provision.

Index fell 0.9 to 509.3

Gilt-edged

The gilt-edged market was resolutely unmoved by yesterday's salvo of statistics. The September banking figures defy extrapolation, if only because the shift in private sector borrowing from the clearing banks may have been reversed in the current month as money market rates have risen and made overdraft borrowing more attractive. The banks have become so adept at disposing of Ibels that the corset has been left high and dry.

Reaction to the banking figures might have been more enthusiastic had the very large Central Government Borrowing Requirement (£1.25bn for September) not been published simultaneously. Undershooting of the £7.94bn target for 1978-79 looks increasingly unlikely, which is no comfort for a market already too conscious of the weight of funding to be done.

Treasury bill rates are, if anything, still creeping up from last week's tender levels. Sterling CDs, however, now yield less in the one year position than in the six months; but this may reflect expectations that banks, constrained by the corset, will be issuing fewer CDs rather than that money rates will be falling in six months.

While the gilts market tries to extract a forecast for September sterling m3 growth from the banking figures—something of the order of 1 per cent was being canvassed—the equity market had to come to terms with a sharp worsening of the corporate sector's financial position. The sector's financial deficit of £1.4bn in the second quarter compares with £545m in the first quarter and [illegible] in the whole second half of 1977. The figures are liable to significant revision but as they stand and taken with the [illegible] they tell an unsettling story.

Grattan

Interim figures from Grattan Warehouses are in stark contrast with the buoyant [illegible] reported by Freemans on [illegible] day. After several years of declining market share the [illegible] Grattan could produce in the first six months of its current year was a 6 per cent increase in sales. So volume has actually declined further—in a period during which sales volume of the mail order industry is about 7 per cent. Only expenses seem to have been up to expectations. The net result is that Grattan's interim pre-tax profits are down 27 per cent to [illegible]

There seems to be no single cause for the present malaise. Grattan's spring/summer catalogue got off to a good start but then just faded. Part of the problem may have been the company's less aggressive attitude to getting new agents at a time when the competition has been pressing hard. It may have been warehouse inefficiency, or just poor cost control. Whatever the real reason Grattan's board is now set on a three-year programme to reverse the recent depressing record. A bigger catalogue, more agents, keener pricing, sales computerisation and better distribution systems are among the remedies.

But the first effect of these will be higher expenses. So Grattan will do well to make £10m pre-tax for the year against £11.8m last time. It is sobering to recall that this company made £10m profit five years ago. Grattan's shares dropped [illegible] yesterday to close at [illegible] a prospective fully taxed p/e of about 10, and a yield of [illegible] cent.

CBI will reassess backing for pay limit

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE CONFEDERATION of British Industry's support for the Government's 5 per cent pay limit is to be reassessed during the coming week before industrialists meet Mr. Denis Healey, Chancellor of the Exchequer.

It seems likely that the confederation will have to amend its broad endorsement for the limit in the light of the willingness of some of its leading member companies—such as British Oxygen and Ford Motor—to offer more.

Yesterday Mr. John Greeenborough, the confederation's president, said during a visit to Birmingham that the rigidity of the Government's 5 per cent limit was "unrealistic." There had to be more flexibility within an overall target of holding inflation to 7½ per cent for another year.

However there are differing views among leading companies about the extent of such flexibility. Some only want to be able to vary the size of rises for individual groups of workers within an overall settlement limit of 5 per cent. Others, like British Oxygen, want the flexibility to include raising the general level of settlements.

Because of this the talks with Mr. Healey are unlikely to take place before the issue is debated at the monthly meeting of the confederation's council next Wednesday. Industrialists who intend to stress the need for longer-term pay reforms, hope that by then some progress may have been made by the Government in the talks with the TUC that began last night.

The meeting was arranged following informal talks between Mr. Healey and Sir John Methven, the confederation's director general, at the National Economic Develepment Council meeting on Monday.

A confederation spokesman last night refused to comment on the progress of pay negotiations in individual companies; but Mr. Greenborough showed in Birmingham that there is general concern that the pay limit should not be raised too far too quickly.

"With Ford, the unions say they will take the national interest into account and one hopes that what comes out of that will not be too far removed from the national average figure," he declared.

So far the prospect of higher pay offers has not been reflected in figures collated by the confederation's pay data bank. By the end of last week the confederation had reports of 40 settlements covering 430,000 people, mostly for around 5 per cent. There were 56 claims covering 1.25m workers, and most of these would add more than 20 per cent to labour costs.

The Association of British Chambers of Commerce last night said it wanted to meet the Prime Minister to discuss the pay policy and the National Consumer Council wrote to Mr. Healey saying there snould be no general increase in pay beyond 5 per cent.

Central Government borrowing doubles

BY PETER RIDDELL

CENTRAL GOVERNMENT borrowing rose sharply last month and, over the first half of the 1978-79 financial year has been more than double the level of the same period last year.

Treasury officials do not believe that there is yet any reason to revise the forecasts made in the April budget for borrowing either by the Government or by the public sector as a whole since borrowing may be lower in the second half of this financial year.

The Treasury announced yesterday that Government borrowing last month was £1.25bn compared with £506m a year ago. In the first six months of the financial year, borrowing was £4.88bn, compared with £2.01bn in the same period a year ago. A rise of 79.1 per cent for the whole financial year was forecast in the budget.

The discrepancy arises in part from differences in the timing of tax cuts between the periods. Last year, for example, a large part of the tax cuts, in particular those announced in the late October budget, did not come through until the second half, whereas this year, most of the cuts have already come into effect.

Accordingly, Consolidated Fund receipts—up 8 per cent in the first half of the financial year—are officially expected to increase by about the forecast level of 10 per cent by the end of 1978-79. It is possible the rise could be larger since earnings are increasing by slightly more than was assumed in April.

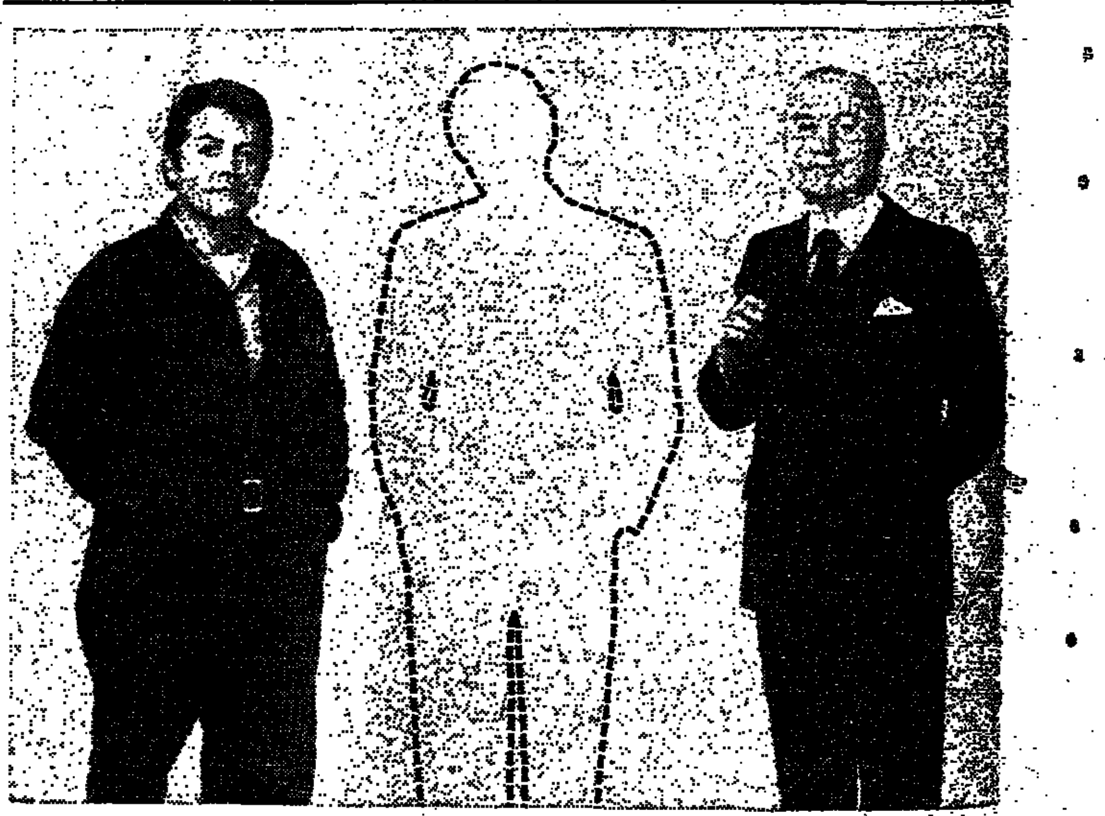
The expenditure side is rather more worrying. Although expenditure on supply services—the main departmental programmes—has been rising by 15 per cent, as expected, total Consolidated Fund spending has so far increased by roughly 19 per cent, compared with the projected rise of 17 per cent for the full financial year.

This is mainly because of a doubling over six months to £1.67bn in spending on the service of the National Debt. This may have partially represented changes in timing but there has also probably been a larger than expected level of interest payments on a higher volume of debt as a result of the rise in interest rates since the spring.

The other features of the government accounts are more in line with expectations. Nationalised industries have borrowed a net £314m in the first half of the financial year, in contrast with repayments of £484m in the same period last year. This partly reflected a switch to the central government to finance the repayment of overseas market loans with no net overall effect on public borrowing.

There has been a sharp reduction in local authority borrowing from the government so far this year and there are tentative indications that there may not have been a corresponding rise in borrowing from the market.

Although some City analysts were puzzled by yesterday's figures — and slightly disturbed by the size of the debt interest payments — the view until now has been that public sector borrowing should be up to £1bn less than the £8.5bn ceiling for this year. It has been suggested that any rise in debt interest could be offset towards the end of the year by buoyant revenues.



Weather

UK TODAY

CLOUDY with rain.

London, S.E. England, E. Anglia, Cent. S. England, E. Midlands, E. England, Cent. N. England
Bright intervals, heavy showers. Max. 19C (66F).

W. Midlands, Channel Islands, S.W. England, S. Wales, N. Wales
Heavy rain, becoming brighter. Max. 18C (64F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Moray Firth
Bright intervals, heavy rain later. Max. 16C (61F).

N.W. England, Lake District, Isle of Man, S.W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland
Cloudy, showers or heavy rain. Max. 15C (59F).

N.E. Scotland, N.W. Scotland, Orkney and Shetland
Cloudy, some heavy rain. Max. 11-13C (52F-55F).

Outlook: Sunny intervals and showers, local night fog. Becoming less warm.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsrdm.	F	20	68	Luxembg.	F	20	68
Athens	C	24	75	Madrid	S	25	77
Bahrain	S	31	88	Manchstr.	C	16	61
Barcelona	F	22	72	Melbourne	R	16	61
Belfast	R	11	52	Milan	S	19	66
Belgrade	S	21	70	Montreal	C	15	59
Berlin	S	21	70	Moscow	R	11	52
Birmghm.	C	17	61	Munich	S	15	59
Brisbane	Sh	19	66	Newcastle	C	13	55
Bristol	C	18	64	New York	S	15	59
Brussels	F	21	70	Oslo	C	9	48
Budapest	S	20	68	Paris	F	21	70
B. Aires	S	24	75	Perth	F	26	79
Cairo	S	34	93	Prague	C	10	50
Cardi	C	15	59	Reykjavik	D	7	45
Chicago	C	16	61	Rio de J'o	C	25	78
Cologne	F	21	70	Rome	S	22	72
Copnhagn.	C	14	57	Singapore	S	29	84
Dublin	R	12	54	Stockholm	C	11	52
Edinb'rgh	C	13	55	Strasbrg.	S	19	66
Frankfurt	S	20	68	Sydney	F	23	73
Geneva	S	15	59	Tehran	S	25	75
Glasgow	C	14	57	Tel Aviv	S	27	81
Helsinki	S	6	43	Tokyo	C	20	68
H. Kong	S	29	84	Toronto	S	15	59
Jo'burg	S	23	73	Vienna	S	21	70
Lisbon	C	20	68	Warsaw	F	18	64
London	F	20	68	Zurich	S	13	55

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	21	70	Istanbul	C	20	68
Algiers	F	28	82	Jersey	S	19	66
Biarritz	F	24	75	Las Plms.	C	25	77
Blackpool	R	15	59	Locarno	S	20	68
Bordeaux	F	23	73	Majorca	F	24	75
Boulogne	C	19	66	Malaga	S	24	75
Casblnca.	F	27	81	Malta	C	21	70
Cape Tn.	C	15	59	Nairobi	S	23	73
Corfu	S	26	79	Naples	S	22	72
Dubrovnik	S	23	73	Nice	S	22	72
Faro	F	23	73	Nicosia	S	31	88
Florence	S	22	72	Oporto	F	21	70
Funchal	C	17	63	Rhodes	S	26	79
Gibraltar	C	21	70	Salzburg	S	19	66
Guernsey	C	17	63	Tangier	F	25	77
Innsbruck	S	20	68	Tunis	F	24	75
Inverness	C	10	50	Valencia	C	22	72
I. of Man	C	13	55	Venice	S	20	68

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sh—Showers. D—Drizzle.

Plessey executive leaves to take Vickers post

BY PAUL TAYLOR

DR. BILL WILLETTS, chairman of Plessey Telecommunications International, a deputy chief executive and Board member of the Plessey Group, has resigned to become an assistant managing director of Vickers and a member of the Vickers Board.

Announcement of the surprise Boardroom changes came in statements from Plessey and Vickers yesterday. Dr. Willetts will join Vickers rfom November 1 but wil lremain in his posts with the Plessey Group until November 30.

It is understood that Dr. Willetts accepted the Vickers job some time ago after an approach from the company.

Last night, Sir John Clark, chairman of Plessey, said Dr. Willetts' decision to leave the group had been accepted "with regret." He said Dr. Willetts had given "unstinting dedicated effort not noly to the company but also to the telecommunications industry" for more than 10 years.

Sir John said: "We shall miss him greatly and we extend to him our best wishes for continued success." The company denied that there had been any policy disagreement between Dr. Willetts and his fellow Board members and said the parting was "amicable."

Dr. Willetts joined Plessey from Massey Ferguson where he was deputy managing director. Previously he had worked with Vickers-Armstrongs and Vickers-Armstrongs (Engineers) from 1954 to 1958.

He has been in charge of Plessey Telecommunications since August 1968 and a main board director of the group since December 1969. He was appointed a deputy chief executive of the Plessey Group in January 1976.

Mr. Desmond Pitcher, formerly managing director of Leyland vehicles, who was appointed managing director of Plessey Telecommunications International last month and took up his duties on October 1, will share the running of the telecommunications subsidiary with Sir John, who will become chairman when Dr. Willetts leaves at the end of next month. At Vickers, Dr. Willetts, aged 51, will share the post of assistant managing director with Mr. Jim Hendin, who has held the position since 1976.

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Mrs. Thatcher takes a tough line

greater flexibility. The aim of the next Conservative Government would be to lead Britain away from the "damaging cycle" of strict pay limits followed by periods of excessive and leap-frogging settlements.

"This vicious circle has soured industrial relations and held us all back. We must encourage realistic and responsible collective bargaining."

That was why the country needed a Government that would pursue sound and consistent economic policies, and a Government which would be far more open in its assumptions about the economy.

Mr. Prior believed the past few weeks had witnessed the explosion of a carefully cultivated myth that only a Labour Government could work with the trade unions.

"It is healthier that the country should recognise this, and judge the Government of the day accordingly," he said.

He pledged that although opposed to the 5 per cent pay guideline, the party would not seek to undermine the Government's attempts in the coming session to restrain wage demands.

He, like Mrs. Thatcher, condemned the decision of the Ford workers to strike while still subject to a wages agreement.

Management company planned for Lloyds

BY MICHAEL BLANDEN

LLOYDS BANK plans to set up a new wholly-owned management company to be responsible for the operations of its clearing bank in the UK.

The company is intended to come into operation at the beginning of next year. Following the change, the main Board of Lloyds wil operate as a group Board devoted to overall policy and strategy.

The new management company will concentrate on the control and development of the UK clearing bank business, reporting to the group Board on the same lines as the Lloyds Bank International and other main subsidiaries.

Announcing the proposal yesterday, Sir Jeremy Morse, chairman of Lloyds, said: "At the present time the Board of Lloyds Bank has a dual role. It bears the overall responsibility for the Lloyds Bank Group as a whole, and it also controls and supervises the clearing bank in the UK."

Following the rapid expansion of the bank in recent years—both internationally and in the range of services offered, he added—the directors believed "it would now be better to separate the two roles of the present board."

Undr the proposed reorganisation, Sir Jeremy would remain chairman of the parent company and would also be chairman of the new company. The directors of the present main board would be divided between the new group board and the new management company, with some on both.

The bank also proposes to appoint some senior executives as directors of the new management company. It is not intended to transfer the assets and liabilities of Lloyds Bank to the management company.

The proposals will require an amendment to the company's artices of association, which is to be considered at an extraordinary general meeting on November 3.

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